



FEMA



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

As communities in the southern and eastern United States continue to recover from the impacts of Hurricanes Dorian and Imelda, and as we prepare for future storms to follow in the days and weeks ahead, the current ability of the National Flood Insurance Program (NFIP) to pay claims, including existing borrowing authority, is over \$15 billion. Policyholders facing flood losses need not worry whether their federally backed insurance coverage will pay eligible claims.

While no one person or group can precisely predict the severity, location, or timing of disasters, we are certain the frequency of these events is rising. Therefore, our focus must be on the reduction of the suffering caused by these disasters now and for future generations. I'm genuinely impressed by the advances we have made so far in the effort to increase resilience. However, our work is simply not done in expanding this idea of a shared responsibility across our collective spheres of influence.

I believe our contribution to creating a culture of preparedness and building individual/community resilience lies in our efforts to close the insurance gap and increase investments in mitigation. This will require the help of the whole community to work together in order to identify and execute mitigation improvements that would increase resilience. The demand for change is now.

The NFIP is currently authorized through November 21, 2019. The program has experienced 13 short-term extensions, including three brief lapses, since September 2017. As FEMA continues its work towards a multi-year reauthorization, we stand by the belief that Congress must take bold steps to "transform the NFIP" and give the program greater flexibility to make customer-centric changes. So, while reauthorization efforts continue to evolve, FEMA remains persistent and steadfast.

FEMA is developing a long-term strategy for NFIP Transformation that incorporates broader reforms that include finding the best ways to offer flood insurance products individuals demand with a price that helps them better understand their risk and make well-informed decisions in the management of their flood risk.

FEMA will move towards the implementation of Building Resilient Infrastructure and Communities (BRIC) program and work with mitigation partners at all levels of government and private sector industries to change how we are planning and implementing pre-disaster mitigation across the country. This encompasses the implementation of the National Mitigation Investment Strategy with FEMA partners in other federal agencies who have come together through the Mitigation Function Leadership Group to make this vital commitment.

FEMA is committed to further developing and maturing the NFIP Reinsurance Program in a manner that helps strengthen the financial framework of

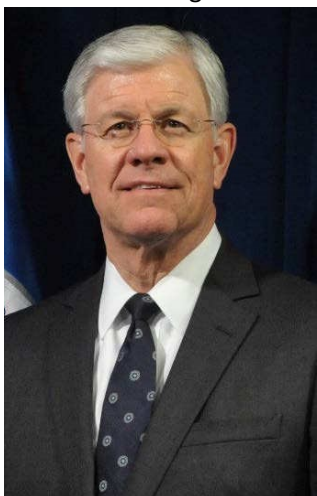
the NFIP, is beneficial to policyholders and taxpayers, and expands the role of the private markets in managing U.S. flood risk.

Together, working across all initiatives, I'm confident we can reach the goal to establish a sound financial framework for the NFIP.

Sincerely,



David I. Maurstad
Deputy Associate Administrator for
Insurance and Mitigation



NFIP KEY FIGURES

\$1.3 trillion
Insurance in Force

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

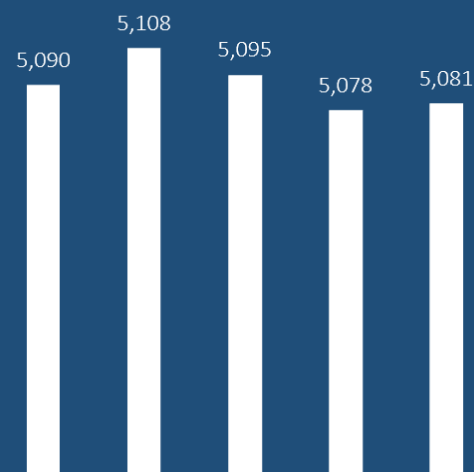
22,387
Participating Communities

\$708
Average Annual Premium
(Incl. Premium & Federal Policy Fee)

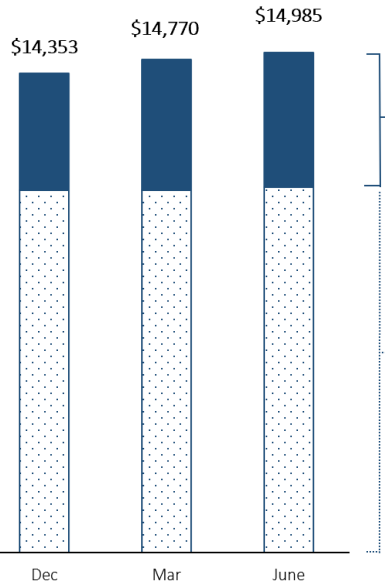
\$20.5 billion
Outstanding Debt with Treasury

\$4.4 billion
Interest Paid Since Hurricane
Katrina

Policies in Force (in thousands)



FY18 Q3 FY18 Q4 FY19 Q1 FY19 Q2 FY19 Q3



Flood Fund Available Resources: \$4.0B

Is the premium income available to pay claims.

NFIP Total Capacity to Pay Claims: \$14.9B

Includes the Flood Fund and Reserve Fund Available Resources, & Borrowing Authority.

NFIP CURRENT AVAILABLE RESOURCES

Available Resources is representative of a private-sector "Balance Sheet," or a snapshot of the NFIP's finances, including any prior period carryover for the given period.

Available Resource (\$ in Thousands)	Mar 31, 2019	Jun 30, 2019
Flood Fund Balance	5,235,981	5,549,966
Unpaid Obligations	(666,120)	(686,057)
Unpaid Loss & Loss Adjustment (Claims)	(552,110)	(730,976)
<u>Mandatory Sequestration</u>	(93,434)	(93,434)
Flood Fund Available Resources	3,924,317	4,039,499
Reserve Fund Balance	64,021	74,552
Net Investments	1,026,256	1,197,648
<u>Outstanding Obligations</u>	(144,326)	(226,362)
Reserve Fund Available Resources	945,951	1,045,838
Remaining Borrowing Authority	9,900,000	9,900,000
NFIP Total Capacity to Pay Claims *	14,770,268	14,985,337

* 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 \$2.12B should the event reach \$10B in losses.

STATEMENT OF OPERATIONS

(\$ in Thousands)

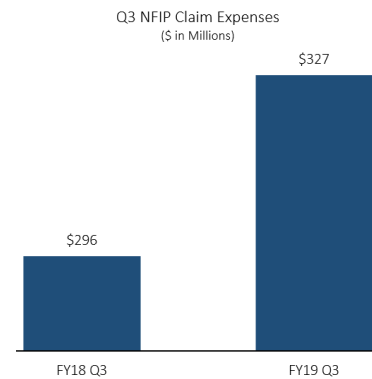
NATIONAL FLOOD INSURANCE FUND

REVENUE	FY 2018	FY 2019 Q3	FY 2019 YTD
Premium	3,513,334	1,011,654	2,390,781
Reinsurance	1,042,000	0	0
Federal Policy Fee	188,162	56,188	139,129
Other Revenue	19,677	1,326	6,909
Total Flood Fund Revenue	4,763,174	1,069,167	2,536,820
EXPENSES	FY 2018	FY 2019 Q3	FY 2019 YTD
Total Loss & Loss Adjustment (Claims)	9,207,241	326,574	1,436,584
Unpaid Loss & Loss Adjustment (Claims)*		178,866	730,976
Commissions	55,472	12,915	36,750
WriteYourOwn (WYO) Expense Allowance	953,462	213,068	663,345
Interest Paid on Debt	367,642	0	203,248
Floodplain Management & Mapping Activities	225,728	38,557	92,531
Flood Related Grant Activities	104,486	40,449	49,472
Other Expenses	493,875	166,156	407,996
Total Flood Fund Expenses	11,407,907	976,585	3,620,902
FLOOD FUND NET INCOME (LOSS)**	(6,644,733)	92,582	(1,084,082)

NATIONAL FLOOD INSURANCE RESERVE FUND

REVENUE	FY 2018	FY 2019 Q3	FY 2019 YTD
Assessment	496,820	122,640	357,097
Surcharge	382,707	86,664	255,783
Premium Redemption & Interest	(892)	1,136	6,891
Total Reserve Fund Revenue	878,635	210,440	619,772
EXPENSES	FY 2018	FY 2019 Q3	FY 2019 YTD
Total Loss & Loss Adjustment (Claims)	495,979	0	0
Reinsurance-Traditional	234,629	0	185,880
Reinsurance-ILS	188,882	25,298	55,862
Total Reserve Fund Expenses	919,490	25,298	241,742
RESERVE FUND NET INCOME (LOSS)	(40,855)	185,142	378,030

The NFIP's Statement of Operations is representative of an "Income Statement" usually seen in private-sector organizations. The current report is for the period ending FY 19 Quarter 3 or June 30, 2019.



* In FY 2019, a new Federal Accounting Standard, Statement of Federal Financial Accounting Standards (SFFAS) 51 was issued that made changes to how claims are reported. SFFAS 51 gives guidance that claims must be reported at the time of occurrence. Unpaid Claims in this Q3 *Watermark* report show claims pursuant to SFFAS 51 and have been separated from Total Loss & Loss Adjustment. Unpaid claims include projections of claims reported, and projections of claims Incurred But Not Reported (IBNR), which is an estimate of claims not yet reported to insurance companies.

** 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.

FEMA Publishes NFIP Policy & Claims Data

Decades of data published online for first time to broaden understanding of the National Flood Insurance Program and Flood Risk

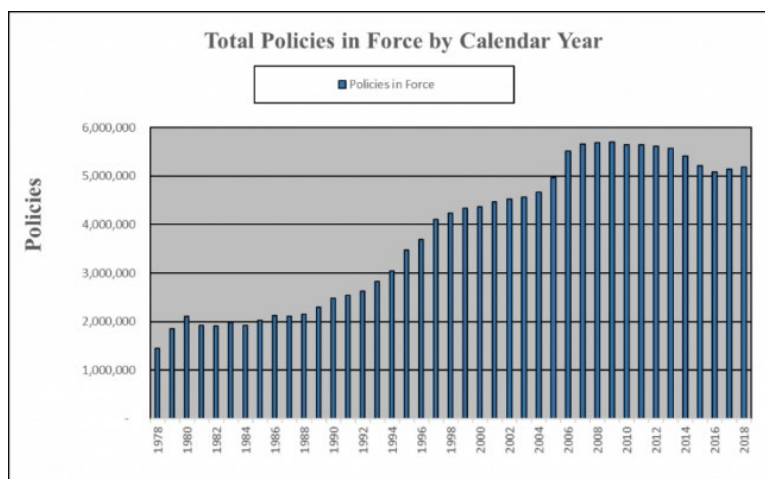
To broaden the understanding of the nation's flood insurance program and flood risk, FEMA published [National Flood Insurance Program \(NFIP\)](#) data including more than two million claims records dating back to 1978 and more than 47 million policy records for transactions from the past ten years. This data supplements existing publicly available NFIP statistics and provides additional data of interest to our stakeholders.

The publication of this NFIP data promotes transparency, reduces complexity for public data requests, and improves how the agency and its stakeholders interact with and understand the NFIP; all without compromising policyholder privacy.

FEMA has seen active interest from both internal and external stakeholders since the publication of the NFIP data in June 2019. Researchers, private industry, and media have engaged with the data to help produce products and articles that compliment NFIP's mission. This work includes maps to show the increase in NFIP policies across the nation, as well as claims data visualizations that emphasize the message "where it rains, it can flood".

The published data is available on the OpenFEMA platform in a machine-readable format. The data allows analysis of how flood insurance coverage has changed in a geographic area over time and where NFIP claims have been filed for more than 40 years. Users will have access to a Data Dictionary when using the NFIP data, which serves as a centralized repository of information such as field meanings, relationships to other data, origin, usage, and format detailed descriptions of fields used in the data set. The data is updated every 45 to 60 days, delivering the most specific amount of geographic data possible, while preserving policyholder anonymity.

The OpenFEMA platform is intended to meet the requirements established in the [HR 4174, Foundations for Evidence Based Policy Act, Title II Open Government Data Act](#). To view this data, and data from FEMA's other programs, visit www.fema.gov/openfema.



Moving Mitigation Forward – Building Resilient Infrastructure and Communities

On October 5, 2018 the Disaster Recovery Reform Act (DRRA) was signed into law as part of the Federal Aviation Administration Reauthorization Act of 2018. FEMA is working on the development and implementation of DRRA Section 1234: National Public Infrastructure Pre-Disaster Hazard Mitigation Grant Program. This program, which FEMA has named Building Resilient Infrastructure and Communities (BRIC), will be funded by a six percent set-aside from federal post-disaster grant funding. This program will focus on reducing the Nation's risk by funding projects that increase community resilience before a disaster.

This change will allow FEMA to invest in projects that drive risk reduction and build capability for communities and is consistent with the three overarching strategic goals in FEMA's 2018-2022 Strategic Plan: "Build a Culture of Preparedness," "Ready the Nation for Catastrophic Disasters" and "Reduce the Complexity of FEMA." Following the passage of DRRA legislation in 2018, FEMA began setting aside six percent of estimated disaster assistance after major disaster declarations. FEMA began setting aside the six percent at the end of 2018 and has made \$250 million available from that set-aside for the FY19 Pre-Disaster Mitigation program, which means our stakeholders can take full advantage of DRRA mitigation assistance prior to the full launch of BRIC in FY20.

FEMA's Mitigation Directorate has been engaging with stakeholders to solicit input at conferences, workshops and through invitational speaking engagements on the development of a new program.

