NATIONAL FLOOD INSURANCE PROGRAM

Actions to Address Repetitive Loss Properties

What GAO Found

FEMA has taken a multifaceted approach to mitigating, or minimizing the life and property losses and disaster assistance costs that result from flooding. Through the National Flood Insurance Program, FEMA develops and updates flood maps that identify flood prone areas and makes insurance available for communities that agree to adopt and enforce building standards based upon these maps. Since its inception in 1968, the National Flood Insurance Program has paid $12 billion in insurance claims to owners of flood-damage properties that have been funded primarily by policyholders’ premiums that otherwise would have been paid through taxpayer-funded disaster relief or borne by home and business owners themselves. Through a variety of grant programs, FEMA also provides funding for mitigation planning activities and projects before and after floods occur.

Repetitive loss properties represent a significant portion of annual flood insurance program claims. About 1 percent of the 4.4 million properties currently insured by the program are considered to be repetitive loss properties—properties for which policyholders have made two or more $1,000 flood claims. However, about 38 percent of all program claim costs have been the result of repetitive loss properties, at a cost of about $4.6 billion since 1978.

Recent federal actions to reduce program losses related to repetitive loss properties include FEMA’s strategy to target severe repetitive loss properties for mitigation and congressional proposals to phase out coverage or begin charging full and actuarially based rates for repetitive loss property owners who refuse to accept FEMA’s offer to purchase or mitigate the effect of floods on these buildings. FEMA’s strategy and the congressional proposals appear to have the potential to reduce the number and vulnerability of repetitive loss properties and, thereby, the potential to help reduce the number of flood insurance claims.