continued attention needed to address challenges

why gao did this study

nfip, established in 1968, provides policyholders with insurance coverage for flood damage. fema, within the department of homeland security, is responsible for managing the program. nfip offers two types of flood insurance premiums to property owners: subsidized and full-risk. the subsidized rates are not based on flood risk and, according to fema, represent only about 40-45 percent of the full flood risk. gao placed nfip on its high-risk list in 2006 because of concerns about its long-term solvency and related operational issues.

gao was asked to testify about nfip issues and its recent work on nfip. this statement discusses (1) the reasons that nfip is considered high-risk, (2) changes to subsidized policies and implications of potential additional program changes, and (3) additional challenges for fema to address. in preparing this statement, gao relied on its past work on nfip, including gao-13-607, gao-13-568, and gao-13-283.

what gao recommends

gao continues to support its previous recommendations made to fema that focus on the need to address management and operational challenges, ensure that the methods and data used to set nfip rates accurately reflect the risk of losses from flooding, and that oversight of nfip and insurance companies responsible for selling and servicing flood policies is strengthened. fema agreed with these recommendations and is taking steps to address them.

view gao-13-858t. for more information, contact alicia puente cackley at (202) 512-8678 or cackleya@gao.gov.