

GAO Highlights

Highlights of [GAO-15-178](#), a report to the Ranking Member, Committee on Financial Services, House of Representatives

Why GAO Did This Study

NFIP, which is administered by FEMA, has faced significant financial and management challenges over the years. The Biggert-Waters Act, enacted in July 2012, instituted provisions to help strengthen NFIP's future financial solvency and administrative efficiency. For example, it required FEMA to phase out almost all discounted insurance premiums and establish a reserve fund. As implementation proceeded, however, affected communities raised concerns about some Biggert-Waters Act requirements. HFIAA was enacted in March 2014 and sought to address affordability concerns by repealing or altering some Biggert-Waters Act requirements. GAO was asked to examine the status of FEMA's implementation of the requirements established by the Biggert-Waters Act, as amended by HFIAA.

This report describes (1) FEMA's management of the acts' implementation and associated challenges and (2) the status of FEMA's implementation of selected requirements from the acts. GAO analyzed the Biggert-Waters Act and HFIAA; reviewed FEMA information on the prioritization and tracking of implementation efforts in relation to relevant internal control standards; and reviewed data and documentation on FEMA's status in implementing the Biggert-Waters Act, as amended by HFIAA, in relation to established time frames. Finally, GAO interviewed FEMA officials and representatives from 10 organizations with flood insurance expertise who were selected based on experience and type of organization.

View [GAO-15-178](#). For more information, contact Alicia Puente Cackley at (202) 512-8678 or cackleya@gao.gov.

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FLOOD INSURANCE

Status of FEMA's Implementation of the Biggert-Waters Act, as Amended

What GAO Found

The Federal Emergency Management Agency (FEMA) has established some practices for managing its implementation of required changes under the Biggert-Waters Flood Insurance Reform Act (Biggert-Waters Act), as amended by the Homeowner Flood Insurance Affordability Act (HFIAA). Consistent with related federal internal control standards, FEMA has collaborated with stakeholders on prioritizing legislative requirements and developed methods to track the status of its implementation efforts. For example, FEMA formed a team of key staff to oversee these efforts and monitor progress through a tracking document that is updated regularly. However, FEMA and representatives of organizations with flood insurance expertise cited a number of challenges that FEMA faces in implementing the new requirements, including resource issues, the complexity of the legislation, and the need to balance the National Flood Insurance Program's (NFIP) financial solvency and affordability goals.

FEMA estimated that it had met requirements to complete almost half of Biggert-Waters Act sections and about one-third of HFIAA sections as of December 2014, and was taking action on others, including required studies. For example,

- FEMA prioritized and implemented important HFIAA rate changes that repealed some Biggert-Waters Act rate increases and also initiated refunds to policyholders. However, data limitations have delayed implementation of some other requirements. For example, FEMA is required to make rate changes for business properties. Currently, FEMA cannot distinguish among nonresidential property policies for businesses, nonprofits, and others. FEMA anticipates collecting more specific data in late 2015 that will allow it to make the required adjustments.
- As required by the Biggert-Waters Act, FEMA established the Technical Mapping Advisory Council (TMAC), which held its first meeting in September 2014, and anticipates implementing additional Biggert-Waters Act mapping requirements over the next several years.
- FEMA reported that it had almost fully implemented Biggert-Waters Act mitigation assistance requirements and had begun researching alternative mitigation methods, as required by HFIAA.
- FEMA had also begun implementing outreach and affordability requirements, including establishing an interim Office of the Flood Insurance Advocate.

FEMA also made progress in providing mapping-related notifications to Congress. FEMA is considering methods for providing access to any available property-level data to policyholders that would help clearly communicate flood risk. FEMA has taken some action on an affordability study that the two laws require, but data challenges have delayed progress. The study is required to analyze the impact of eliminating all discounted NFIP premiums (such as subsidized premiums), but FEMA cannot identify all properties that are receiving the discounts. In February and September 2015, the National Academy of Sciences is to deliver two reports that identify approaches for an NFIP affordability framework and nationwide affordability study, respectively.