

Congressional Action Could Help Increase Coverage for At-Risk Properties

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A report to congressional addressees

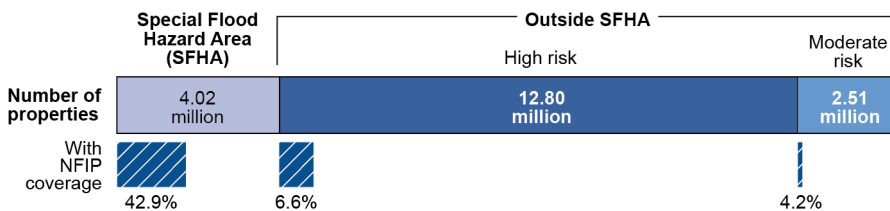
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What GAO Found

Most U.S. property owners are unprotected from flood risk. As of April 2026, 86 percent of high-risk properties did not have National Flood Insurance Program (NFIP) coverage. The number of NFIP policies declined from 5.5 million in 2010 to 4.5 million in 2026. Growth in the private market offset this decline, and private policies accounted for 14 percent of all policies in 2025.

Federal law requires property owners with federally backed mortgages to purchase flood insurance if their property is in a special flood hazard area (SFHA) designated by the Federal Emergency Management Agency (FEMA). This mandatory purchase requirement is the primary reason consumers purchase flood insurance: an estimated 43 percent of properties in SFHAs had flood insurance, compared with 2 percent outside those areas. However, the requirement does not effectively ensure coverage for many at-risk properties. In particular, the FEMA maps used to determine the requirement do not capture all flood risks, especially heavy rainfall. GAO's analysis of First Street data indicates that about 13 million high-risk properties are outside FEMA SFHAs.

The Mandatory Purchase Requirement Does Not Reach Most At-Risk Properties



Source: GAO analysis of National Flood Insurance Program (NFIP) and First Street data. | GAO-27-108012

Consumer misperceptions also can discourage flood insurance purchase. Consumers may underestimate their flood risk, overestimate the amount of federal disaster assistance after a flood, or believe that homeowners insurance covers flood damage when most policies specifically exclude it.

GAO identified four actions that could help increase NFIP and private flood insurance coverage. Each would require statutory authority from Congress.

- Incorporating all sources of flood risk into purchase requirement determinations could help ensure that more at-risk properties have coverage.
- Making property-level flood risk information publicly available could increase awareness of flood risk.
- Requiring lenders to provide flood insurance quotes for federally backed mortgages could better signal the need for coverage.
- Increasing NFIP coverage limits could allow property owners to obtain coverage better aligned with potential flood losses.

GAO [previously recommended](#) that any affordability assistance be means-based and reflected in the federal budget and that barriers to private flood insurance be removed. These actions could help ensure that more property owners are protected from flood risk.

Why GAO Did This Study

Flooding is the most common, costly, and destructive natural disaster in the United States, and its frequency and severity have increased in recent years. Flood insurance helps protect property owners from financial losses and supports recovery after floods.

This report examines (1) the extent to which consumers purchase flood insurance, (2) the effectiveness of the mandatory purchase requirement, (3) factors affecting consumers' decisions to purchase flood insurance, and (4) potential actions to increase consumer purchase of flood insurance.

GAO analyzed 2008–2026 FEMA data on NFIP policies, 2018–2025 National Association of Insurance Commissioners data on private flood insurance policies, and property-level flood risk data from First Street—a risk modeling company. GAO also reviewed relevant reports and interviewed FEMA officials. In addition, GAO conducted three discussion sessions with 15 flood insurance stakeholders and reviewed its prior work and public research to identify potential actions to increase flood insurance purchase. GAO visited four flood-prone communities that reflected different flood types and income levels, and interviewed property owners, insurance agents, local officials, and other stakeholders.

What GAO Recommends

GAO recommends that Congress consider (1) updating the criteria for mandatory purchase requirement determinations to include all sources of flood risk, (2) directing FEMA to make property-level flood risk information publicly available, (3) requiring lenders to provide flood insurance quotes for federally backed mortgages prior to closing, and (4) increasing NFIP coverage limits.