



Repeatedly Flooded Properties Cost Billions

New policies are needed to break a cycle of loss and rebuilding

Overview

Flooding is the most costly and most common natural disaster in the United States.¹ The Federal Emergency Management Agency's National Flood Insurance Program (NFIP) provides federally backed coverage for homeowners and small businesses in more than 22,000 communities across the country.²

Among the NFIP's policyholders are thousands whose properties have flooded multiple times. Called "repetitive loss properties," these are buildings and/or contents for which the NFIP has paid at least two claims of more than \$1,000 in any 10-year period since 1978. "Severe repetitive loss properties" are those for which the program has either made at least four payments for buildings and/or contents of more than \$5,000 or at least two building-only payments that exceeded the value of the property. For example: Flood damage at a 300-unit Roanoke Valley, Virginia, apartment complex cost the program more than \$10.5 million over nine years, and a \$69,000 Mississippi home flooded 34 times in 32 years, resulting in \$663,000 in claims. These extreme cases make up a small fraction of the nearly 5 million active policies nationwide but represent a disproportionately large share of claims.³ Also, these policyholders face no limits on the number of claims they can submit or on a value of payments they may receive.

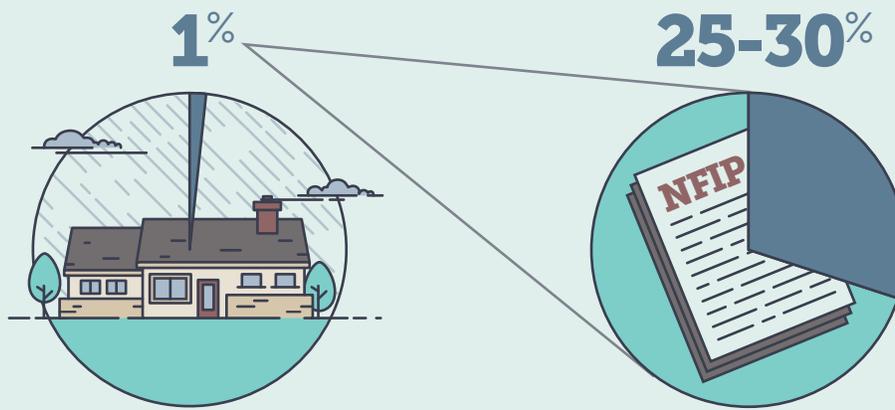
The Pew Charitable Trusts supports proactive policy solutions that will break the cycle of repeated flooding and rebuilding in order to better prepare people and property for natural disasters, improve public safety, and put the NFIP on stronger financial footing by reducing the program's \$23 billion debt.⁴

A Fraction of Properties Account for More Than a Quarter of the NFIP's Claims

Repeated flood loss damages, payouts, and trends in the U.S.

Nationwide, more than 150,000 properties have repeatedly flooded, at tremendous cost.

Historically, repeatedly flooded properties have accounted for **just 1 percent of properties with National Flood Insurance Program policies** but **about 25-30 percent of flood claims**.



Source: Federal Emergency Management Agency, "Severe Repetitive Loss Property Locations in FEMA Region IV and VI," last updated May 1, 2014, <http://www.fema.gov/media-library/assets/documents/16114>

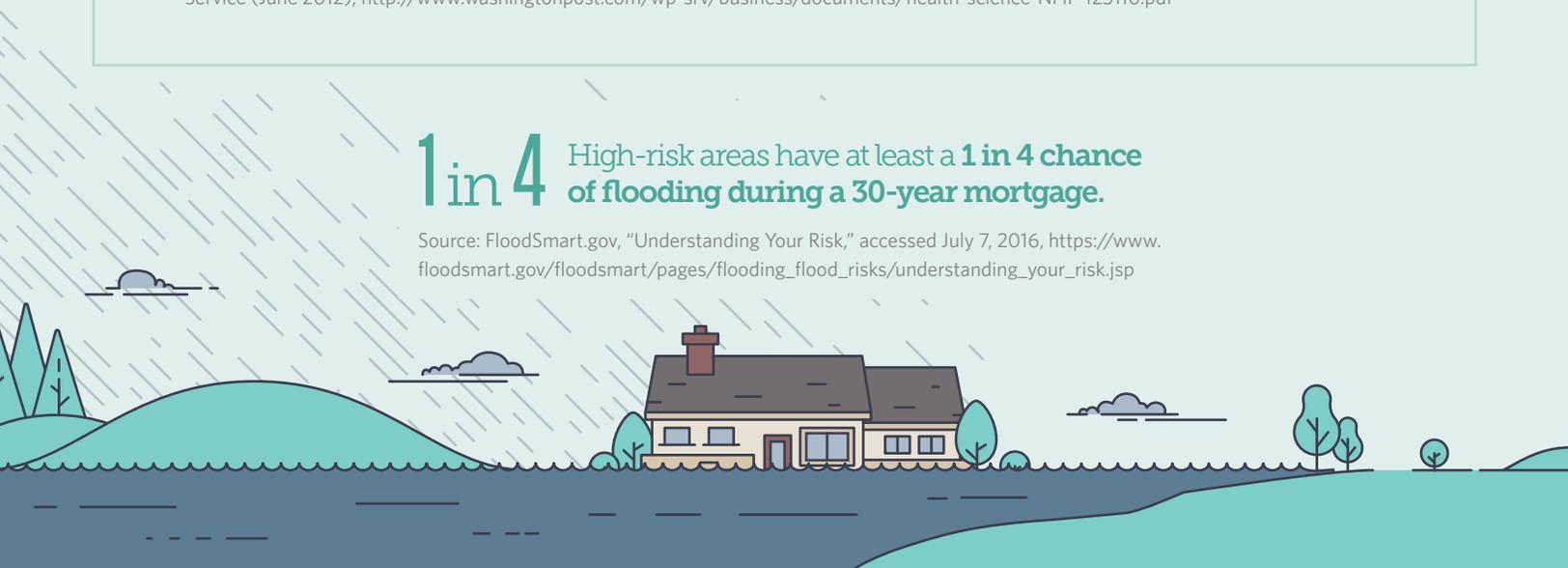
Repeatedly flooded properties have **cost the NFIP more than \$12.5 billion**—equivalent to roughly **half of the program's \$23 billion debt**.



Source: Rawle King, *National Flood Insurance Program: Background, Challenges, and Financial Status*, Congressional Research Service (June 2012), <http://www.washingtonpost.com/wp-srv/business/documents/health-science-NFIP-123110.pdf>

1 in 4 High-risk areas have at least a **1 in 4 chance of flooding during a 30-year mortgage.**

Source: FloodSmart.gov, "Understanding Your Risk," accessed July 7, 2016, https://www.floodsmart.gov/floodsmart/pages/flooding_flood_risks/understanding_your_risk.jsp

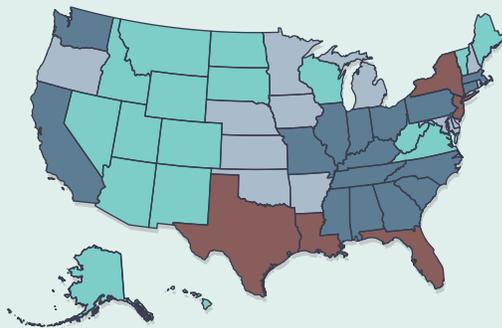


1 in 10

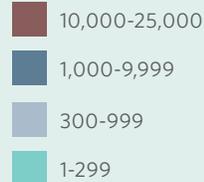
About **1 in 10** repeatedly flooded properties have **received payments worth more than their value.**

Source: Department of Homeland Security, Office of the Inspector General, *FEMA's Implementation of the Flood Insurance Reform Act of 2004* (March 2009), https://www.oig.dhs.gov/assets/Mgmt/OIG_09-45_Mar09.pdf

Every state has frequently flooded properties, but 21 have a 1,000 or more.



Number of repeatedly flooded properties



Source: Federal Emergency Management Agency, "Repetitive Loss State/Community Drilldown—Non-Mitigated Records Only," Jan. 31, 2016

The number of repeatedly flooded properties has been increasing by an estimated 5,000 each year.



Source: Department of Homeland Security, Office of the Inspector General, *FEMA's Implementation of the Flood Insurance Reform Act of 2004* (March 2009), https://www.oig.dhs.gov/assets/Mgmt/OIG_09-45_Mar09.pdf



Endnotes

- 1 Federal Emergency Management Agency, "Federal Flood Risk Management Standard," last updated March 29, 2016, <http://www.fema.gov/news-release/2015/02/05/federal-flood-risk-management-standard>.
- 2 Federal Emergency Management Agency, "Protecting Homes," last updated June 24, 2016, <http://www.fema.gov/protecting-homes>.
- 3 Federal Emergency Management Agency, *National Flood Insurance Program Flood Insurance Manual* (April 2016), <http://www.fema.gov/media-library/assets/documents/115549>.
- 4 U.S. Government Accountability Office, *High-Risk Series: An Update* (February 2015), <http://www.gao.gov/assets/670/668415.pdf>.

For further information, please visit:

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