

# National Flood Insurance Program Borrowing Authority

Updated October 8, 2024

This Insight evaluates the National Flood Insurance Program (NFIP) borrowing authority to receive loans from the Treasury and the current financial situation of the NFIP.

## NFIP Funding

**Funding for the NFIP** is primarily maintained in an authorized account called the **National Flood Insurance Fund** (NFIF). The NFIP is funded from receipts from the premiums of flood insurance policies, including fees and surcharges; **direct annual appropriations for specific costs of the NFIP** (only for flood mapping); and borrowing from Treasury when the NFIF's balance has been insufficient to pay the NFIP's obligations (e.g., insurance claims). Since the end of FY2017, 31 short-term NFIP reauthorizations have been enacted. For further details of these reauthorizations, see CRS Insight IN10835, *What Happens If the National Flood Insurance Program (NFIP) Lapses?* The current reauthorization is set to expire on December 20, 2024. These extensions did not increase the NFIP's borrowing limit or provide additional funds to the NFIP.

As of September 30, 2024, the NFIP had \$5.001 billion available to pay claims, with \$1.339 billion in the **NFIF** and \$3.662 billion in the **Reserve Fund**, and can borrow up to \$9.9 billion from Treasury, if needed.

## NFIP Borrowing Authority

The NFIP was not designed to retain funding to cover claims for truly extreme events; instead, the National Flood Insurance Act of 1968 allows the program to **borrow money from Treasury** for such events. For most of the NFIP's history, the program has been able to cover its costs, borrowing relatively small amounts from Treasury to pay claims and to repay the loans with interest. Only current and future participants in the NFIP are responsible for repaying NFIP debt, as the insurance program itself owes the debt to Treasury and pays for accruing interest on that debt through the premium revenues of policyholders. Since 2005, the NFIP has made six principal repayments totaling \$2.82 billion and has paid

**Congressional Research Service**

<https://crsreports.congress.gov>

IN10784

\$6.17 billion in interest. The program paid **\$619 million in interest annually**, accruing **\$1.7 million in interest daily**.

**Table 1** shows NFIP borrowing, repayments, and debt from FY1980 to FY2024. Comparable figures are not available before 1980. When the NFIP was established, the **borrowing limit was \$250 million**. In 1973, the borrowing limit was **increased to \$500 million, or \$1 billion with Presidential approval**. The borrowing limit **was increased to \$1.5 billion** in 1996; however, borrowing at that level was not required before 2005. The largest debt was \$917 million in 1997, which was reduced to zero by the end of FY2003. Congress increased the level of borrowing to pay claims in the aftermath of the **2005 hurricane season** (particularly Hurricanes Katrina, Rita, and Wilma). Congress **increased the borrowing limit to \$18.5 billion** in November 2005 and further **increased the borrowing limit to \$20.775 billion** in March 2006. In July 2010, the borrowing limit was **decreased to \$20.725 billion**. In 2013, following Hurricane Sandy, Congress **increased the borrowing limit to the current \$30.425 billion**.

**Table 1. NFIP Borrowing FY1980 to FY2024**

(nominal dollars)

Fiscal Year	Amount Borrowed	Amount Repaid	Cumulative Debt
1980	917,406,008	0	917,406,008
1981	164,614,526	624,970,099	457,050,435
1982	13,915,000	470,965,435	0
1983	50,000,000	0	50,000,000
1984	200,000,000	36,879,123	213,120,877
1985	0	213,120,877	0
1986	0	0	0
1987	0	0	0
1988	0	0	0
1989	0	0	0
1990	0	0	0
1991	0	0	0
1992	0	0	0
1993	0	0	0
1994	100,000,000	100,000,000	0
1995	265,000,000	0	265,000,000
1996	423,600,000	62,000,000	626,600,000
1997	530,000,000	239,600,000	917,000,000
1998	0	395,000,000	522,000,000
1999	400,000,000	381,000,000	541,000,000
2000	345,000,000	541,000,000	600,000,000
2001	600,000,000	345,000,000	600,000,000
2002	50,000,000	640,000,000	10,000,000
2003	0	10,000,000	0
2004	0	0	0

Fiscal Year	Amount Borrowed	Amount Repaid	Cumulative Debt
2005	300,000,000	75,000,000	225,000,000
2006	16,600,000,000	0	16,885,000,000
2007	650,000,000	0	17,735,000,000
2008	50,000,000	225,000,000	17,360,000,000
2009	1,987,988,421	347,988,421	19,000,000,000
2010	0	500,000,000	18,500,000,000
2011	0	750,000,000	17,750,000,000
2012	0	0	17,750,000,000
2013	6,250,000,000	0	24,000,000,000
2014	0	1,000,000,000	23,000,000,000
2015	0	0	23,000,000,000
2016	0	0	23,000,000,000
2017	7,425,000,000	0	30,425,000,000
2018	6,100,000,000	16,000,000,000 <sup>a</sup>	20,525,000,000
2019	0	0	20,525,000,000
2020	0	0	20,525,000,000
2021	0	0	20,525,000,000
2022	0	0	20,525,000,000
2023	0	0	20,525,000,000
2024	0	0	20,525,000,000

**Sources:** CRS analysis: data 1980-2017 provided by FEMA Congressional Affairs, November 20, 2017. Data since 2017 from [NFIP Watermark](#) financial statements.

a. The \$16 billion of debt was cancelled rather than repaid ([P.L. 115-72](#), Title III, §308).

In January 2017, the NFIP [borrowed \\$1.6 billion](#) for flood losses and debt repayments. On September 22, 2017, [FEMA borrowed the remaining \\$5.825 billion from Treasury](#), reaching the NFIP's authorized borrowing limit of \$30.425 billion. On October 26, 2017, [\\$16 billion of NFIP debt was cancelled](#) to make it possible for the program to pay claims for Hurricanes Harvey, Irma, and Maria. This represents the first time NFIP debt has been cancelled, although Congress appropriated funds between 1980 and 1985 to repay NFIP debt. [FEMA borrowed another \\$6.1 billion on November 9, 2017](#), to fund estimated 2017 losses, including those incurred by Hurricanes Harvey, Irma, and Maria, increasing the debt to \$20.525 billion. The NFIP has not borrowed from Treasury since 2017. The NFIP currently has [\\$9.9 billion of remaining borrowing authority](#).

The NFIP transfers a portion of its risk to the private sector through the purchase of [reinsurance](#) and the issuance of [catastrophe bonds](#). The NFIP's first large reinsurance purchase was in January 2017, when [FEMA purchased \\$1.042 billion of reinsurance](#), structured to pay 26% of losses between \$4 billion and \$8 billion arising from a single flooding event. Claims for Hurricane Harvey exceeded \$9 billion, triggering a full reinsurance claim. Since then, the NFIP has not claimed any reinsurance, as no storms have reached the threshold for claims.

The NFIP could claim over \$1.9 billion in reinsurance in 2024. In order for the NFIP to claim on these policies, losses for a single named storm would have to reach \$7 billion for the

2024 traditional reinsurance, \$6 billion for the 2022 catastrophe bond, \$7 billion for the 2023 catastrophe bond, and \$8 billion for the 2024 catastrophe bond.

## Author Information

Diane P. Horn  
Specialist in Flood Insurance and Emergency  
Management

---

## Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.