

National Flood Insurance Program Borrowing Authority

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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. On February 10, 2025, the [NFIP borrowed \\$2 billion](#) to pay NFIP claims. The debt is now \$22.525 billion, with \$7.9 billion of remaining borrowing authority.

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, [33 short-term NFIP reauthorizations](#) have been enacted. The current reauthorization is set to expire on September 30, 2025. These extensions did not increase the NFIP's borrowing limit or provide additional funds to the NFIP.

As of January 27, 2025, the NFIP had \$615 million available to pay claims, with claims for [Hurricane Helene](#) of [more than \\$4.5 billion](#) and claims for [Hurricane Milton](#) of [\\$740 million](#). FEMA estimates that claims for Hurricane Helene will be between \$6.4 and \$7.4 billion, with claims for Hurricane Milton between \$1.2 and \$2.9 billion.

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

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policyholders. Since 2005, the NFIP has made six principal repayments totaling \$2.82 billion and has paid \$6.17 billion in interest. The program pays about \$619 million in interest annually, accruing \$1.7 million in interest daily.

Table 1 shows NFIP borrowing, repayments, and debt from FY1980 to FY2025. 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.

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 pay claims for losses incurred in Hurricanes Harvey, Irma, and Maria, increasing the debt to \$20.525 billion. The NFIP did not need to borrow between November 2017 and February 2025.

Table 1. NFIP Borrowing FY1980 to FY2025

(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

Fiscal Year	Amount Borrowed	Amount Repaid	Cumulative Debt
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
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 ^a	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
2025	2,000,000,000	0	22,525,000,000

Sources: CRS analysis: data provided by FEMA Congressional Affairs, November 20, 2017 and January 31, 2025.

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

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.

The NFIP could claim over \$1.9 billion in reinsurance for floods in 2024. In order for the NFIP to claim on these policies, losses for a single named storm (such as Hurricane Helene) would have to reach \$7 billion for the [2024 traditional reinsurance](#), and [\\$6 billion](#) for the catastrophe bond covering February 22, 2022 to February 22, 2025.

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