

What Happens If the National Flood Insurance Program (NFIP) Lapses?

Updated September 11, 2026

This Insight provides a short overview of what could happen if the [National Flood Insurance Program \(NFIP\)](#) were not to be reauthorized by December 11, 2026, and allowed to lapse.

Expiration of Certain NFIP Authorities

The NFIP is the primary source of flood insurance coverage for residential properties in the United States. The NFIP has nearly 4.5 million flood insurance policies providing almost \$1.3 trillion in coverage, with over 22,700 communities in 56 states and jurisdictions participating. The NFIP is authorized by the National Flood Insurance Act of 1968 (Title XIII of P.L. 90-448, as amended, [42 U.S.C. §§4001 et seq.](#)). The NFIP does not contain a single comprehensive expiration, termination, or sunset provision for the whole of the program. Rather, the NFIP has multiple different legal provisions that tie to the expiration of key components of the program.

Since the end of FY2017, 36 short-term NFIP reauthorizations have been enacted ([Table 1](#)). The NFIP is currently authorized until December 11, 2026.

Unless reauthorized or amended by Congress, the following will occur on December 11, 2026:

- The [authority to provide new flood insurance contracts will expire](#). Flood insurance contracts entered into before the expiration would continue until the end of their policy term of one year.
- The authority for NFIP to borrow funds from the Treasury will be [reduced from \\$30.425 billion to \\$1 billion](#).

Other activities of the program would technically remain authorized. However, the expiration of the key authorities listed above could have potentially significant impacts on the remaining NFIP activities.

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Table 1. Short-Term Extensions of the NFIP Since End of FY2017

Public Law	Date to Which Authorization Was Extended
P.L. 115-56	December 8, 2017
P.L. 115-90	December 22, 2017
P.L. 115-96	January 19, 2018
NFIP lapsed January 20 to January 22, 2018	
P.L. 115-120	February 8, 2018
NFIP lapsed for 8 hours on February 9, 2018	
P.L. 115-123	March 23, 2018
P.L. 115-141	July 31, 2018
P.L. 115-225	November 30, 2018
P.L. 115-281	December 7, 2018
P.L. 115-298	December 21, 2018
P.L. 115-396	May 31, 2019
P.L. 116-19	June 14, 2019
P.L. 116-20	September 30, 2019
P.L. 116-59	November 21, 2019
P.L. 116-69	December 20, 2019
P.L. 116-94	September 30, 2020
P.L. 116-159	September 30, 2021
P.L. 117-43	December 3, 2021
P.L. 117-70	February 18, 2022
P.L. 117-86	March 11, 2022
P.L. 117-95	March 15, 2022
P.L. 117-103	September 30, 2022
P.L. 117-180	December 16, 2022
P.L. 117-229	December 23, 2022
P.L. 117-264	December 30, 2022
P.L. 117-328	September 30, 2023
P.L. 118-15	November 17, 2023
P.L. 118-22	February 2, 2024
P.L. 118-35	March 8, 2024
P.L. 118-40	March 22, 2024
NFIP lapsed for approximately 13 hours on March 23, 2024	
P.L. 118-47	September 30, 2024
P.L. 118-83	December 20, 2024
P.L. 118-158	March 14, 2025
P.L. 119-4	September 30, 2025

Public Law	Date to Which Authorization Was Extended
NFIP lapsed from October 1, 2025, through November 12, 2025	
P.L. 119-37	January 30, 2026
NFIP lapsed from February 1 to February 3, 2026	
P.L. 119-75	September 30, 2026
P.L. 119-103	December 11, 2026

Source: CRS analysis.

If there were to be a lapse in authorization on or after December 11, 2026, with borrowing authority reduced to \$1 billion, the Federal Emergency Management Agency (FEMA) would continue to adjust and pay claims as premium dollars come into the [National Flood Insurance Fund](#) and [reserve fund](#). If the funds available to pay claims were to be depleted, claims would have to wait until sufficient premiums were received to pay them unless Congress were to appropriate supplemental funds to the NFIP to pay claims or increase the borrowing limit.

The Mandatory Purchase Requirement

The expiration of the NFIP's authority to provide new flood insurance contracts has potentially significant implications due to the [mandatory purchase requirement](#) (MPR). By [law](#) or regulation, federal agencies, federally regulated lending institutions, and government-sponsored enterprises must require certain property owners to purchase flood insurance as a condition of any mortgage that these entities make, guarantee, or purchase. Residential and commercial property owners are required to purchase flood insurance if their properties are identified as being in a [Special Flood Hazard Area](#) (SFHA, which is equivalent to having an estimated 1% or greater risk of flooding every year) and is in a community that participates in the NFIP. Without available flood insurance, real estate transactions in an SFHA potentially could be significantly hampered.

Federal agencies may accept private flood insurance to fulfill the MPR if the [private flood insurance meets the conditions defined in statute](#). Although the private flood insurance market is growing, the MPR is still generally met through NFIP coverage. Lenders rather than FEMA enforce the MPR.

Past Lapses of the NFIP

The NFIP was extended 17 times between 2008 and 2012 and lapsed four times: March 1-2, 2010; March 29 to April 15, 2010; June 1 to July 2, 2010; and October 1-5, 2011. In past NFIP lapses, borrowers were not able to obtain flood insurance to close, renew, or increase loans secured by property in an SFHA until the NFIP was reauthorized. During the lapse in June 2010, estimates suggest that [over 1,400 home sale closings were canceled or delayed each day](#), representing over 40,000 sales per month. These figures applied to residential properties, but commercial properties were also affected by the NFIP lapse. In addition, [the largest Write Your Own \(WYO\) insurer left the NFIP in 2011](#), reportedly because of the administrative burden associated with very short-term reauthorizations and lapses in authorization. During these NFIP lapses, the Federal Deposit Insurance Corporation issued [guidance to lending institutions](#), and the Federal Reserve also issued [informal guidance to lenders](#). In addition, FEMA usually provides guidance for the [WYO program](#). In most cases when the NFIP lapsed, Congress reauthorized the NFIP retroactively; the legislation that ended the 2026 shutdown explicitly [reauthorized the NFIP retroactively](#).

During the government shutdown in October and November 2025, some lenders [suspended the requirement for homebuyers to purchase flood insurance](#). However, some reports suggested that the lapse may have adversely [affected the housing market in some states](#).

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