

## **National Flood Insurance Program Abstract**

The National Flood Insurance Program (NFIP) was established to relieve some of the financial burden of Federal Disaster Assistance as cost for flood victims increased. The NFIP was intended to encourage flood precautions and discourage development in high-risk flood zones by involving communities in the program. An amendment to the program resulted in mandatory participation as flood insurance was required for all federally backed loans. The reviewed outcomes of the NFIP show that the program actually encouraged flood plain development and now faces increased and repeat claims. Cost of the NFIP is often transferred to taxpayers in the form of subsidized rates, borrowed money from the federal reserves, and flood plain infrastructure. Possible revision considerations include land use restrictions, encouraged flood planning precautions, use of local and state funds and management plans, and research relating to local effects of the insurance. Overall without revision, the National Flood Insurance Program is ineffective in achieving its intentions and has resulted in an efficient use of money and land.