



NATURAL
CATASTROPHE
INSURANCE
PROGRAM



from POULTON ASSOCIATES, LLC

FOR IMMEDIATE RELEASE

Media Contact: Eileen Coyne
610-559-7585
ecoyn@kimballpr.com

New Analysis of FEMA Data Demonstrates How the NFIP Subsidizes the Wealthy
Report released today on Capitol Hill by Poulton Associates and HazardHub quantifies income disparities among NFIP participants and confirms the need for more equitable rates.

Washington, DC – March 2, 2020 – Craig Poulton, chief executive officer of Poulton Associates, LLC, presented a new report today on Capitol Hill providing analysis of NFIP data. It definitively shows that the country's wealthy coastal homeowners are in fact benefiting the most from the National Flood Insurance Program – at the expense of lower income homeowners and taxpayers.

Poulton presented the report, "Beneath the Surface: Analysis of NFIP Data Demonstrates the Need for More Equitable Rates," during a panel discussion with public policy experts R.J. Lehmann of R Street and Steve Ellis of the Taxpayers for Common Sense at a Congressional briefing open to lawmakers, regulators, congressional staffers and more. Sponsored by Poulton Associates, the comprehensive research and analysis was conducted by HazardHub, a leader in dissecting and simplifying geospatial digital data.

"We are pleased to have sponsored this definitive study, which should put to rest any debate as to the disparity in the benefits realized by the high and low-income groups participating in the NFIP. The analysis determines that the NFIP serves to benefit the wealthy far more than the ordinary citizen," said Poulton. "It is our hope that these findings will support the efforts of the NFIP and Congress to achieve more equitable outcomes for flood insurance buyers of all income levels, as well as the taxpayers who have been funding a program that has cost them more than \$40 billion."

Commissioned to determine who benefits the most from the federal flood program, HazardHub's analysis demonstrated that the NFIP provides a substantial subsidy to upper-income groups. Loss ratios are also higher in areas where development in high risk locations has been encouraged by unsustainable subsidized flood insurance rates. Key findings include:

- The top three income groups (household income over \$106,000) studied accounted for roughly 48 percent of total NFIP claims, while the three lowest groups accounted for just 15.5 percent.
- The census tracts containing the lowest third of the per-capita income group has paid proportionately higher premiums than the upper two per-capita income groups in every year of the nine years examined.
- Despite a mandate in the Biggert-Waters Act to raise rates, average NFIP rates have gone down over the last five years, primarily to the benefit of wealthy homeowners.

For the study, HazardHub conducted a detailed analysis of NFIP data from the Federal Emergency Management Administration on policies and claims from 2010-2018. Researchers explored cost, benefits, income groups and geographic distributions.

“To our knowledge, no one has ever normalized the NFIP data to the extent that was necessary to create this report,” said Brady Foust, chief science officer of HazardHub. “The data can be difficult to decipher, but when examined closely by our team, it pointed clearly to the fact that the NFIP represents a substantial subsidy to upper-income level groups.”

Poulton Associates administers the Natural Catastrophe Insurance Program, the country’s largest private flood insurance program. NCIP is a leading private alternative to the NFIP.

“The truth is taxpayers have paid \$.59 of every claim dollar paid for losses reported by the NFIP,” Poulton told briefing attendees. “You just need to look at the NFIP’s total losses as of 2018 of \$66.5 billion and factor in the \$39 million the NFIP has borrowed over that same time from taxpayers, to come to that conclusion. That is the definition of unsustainable.”

For the full report, visit www.FairFlood.com.

About Poulton Associates, LLC.

[Poulton Associates, Inc.](http://www.PoultonAssociates.com) is a Utah-based managing general agent and insurance brokerage with expertise in property and casualty insurance. As administrator of the Natural Catastrophe Insurance Program, they make the program available to insurance professionals in all 50 states at www.CATcoverage.com. Follow Poulton on Twitter @NCIPTweets.

About HazardHub

[HazardHub](http://www.HazardHub.com) is the only third-generation provider of property-level hazard risk databases. Their team of scientists translates huge amounts of geospatial digital data into easy-to-understand answers, providing risk assessments that can be used to make real-world decisions. HazardHub provides comprehensive, national coverage for risks that destroy and damage property, including perils from air (wind, hail, tornado, lightning), water (flood, coastal storm surge), earth (earthquake, brownfield, Superfund) and fire (wildfire and fire protection.) Follow HazardHub on Twitter @HazardHubUSA.