NAR Issue Summaries

Insurance / Private Flood Insurance Options

NAR Committee:

Insurance Committee

What is the fundamental issue?

Congress must remove federal regulatory barriers to more affordable private flood insurance options.

I am a real estate professional. What does this mean for my business?

According to NAR research, approximately 40,000 property sales each month depend on flood insurance. While the National Flood Insurance Program (NFIP) was the only source for this insurance for many years, the private market is now offering the same or better coverage at lower cost in many parts of the country. In addition, private flood insurance is not affected by NFIP lapses which could offer additional options to consumers especially where flood insurance is required for a mortgage.

NAR Policy:

NAR supports encouraging a more robust private flood insurance market while maintaining a viable NFIP to ensure consumers have choice and reliable access to coverage.

Opposition Arguments:

Opponents warn that the private market will “cherry pick” the best risks and leave the worst to the National Flood Insurance Program (NFIP). However, private market supporters counter that there are no "cherries" in the NFIP and many of its "prunes" are obtaining more affordable coverage in the private market as well.

Legislative/Regulatory Status/Outlook

NAR supports reducing barriers to the private flood insurance market while maintaining a viable NFIP to ensure consumer choice and access.

On May 7, 2026, the FEMA Review Council recommended sweeping federal disaster aid reforms, including potential NFIP privatization. NAR submitted comments supporting several NFIP reforms, such as broadening continuous coverage requirements to include private flood insurance (S. 2054/H.R. 6620), but raised concerns about privatization.

Most federal agencies have already taken steps to expand access to private flood insurance:

- January 24, 2019: Federal lending regulators issued final rules requiring lenders to accept private flood insurance policies that meet the definition under the Biggert-Waters Flood Insurance Reform Act of 2012. The rules also clarify that lenders may accept policies that do not meet the definition, provided

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they offer sufficient protection and meet safety and soundness standards.
- November 21, 2022: HUD issued a final rule allowing lenders to accept private flood insurance for FHA-insured mortgages in Special Flood Hazard Areas, provided the policies meet the statutory definition under Biggert-Waters.

NAR will continue working to expand access to private flood insurance and address these issues as part of broader NFIP reform legislation.

Current Legislation/Regulation (bill number or regulation)

H.R. 6620 - To amend the National Flood Insurance Act of 1968 to allow for the consideration of private flood insurance for the purposes of applying continuous coverage requirements, and for other purposes.

S. 2054 - Flood Insurance Consumer Choice Act

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