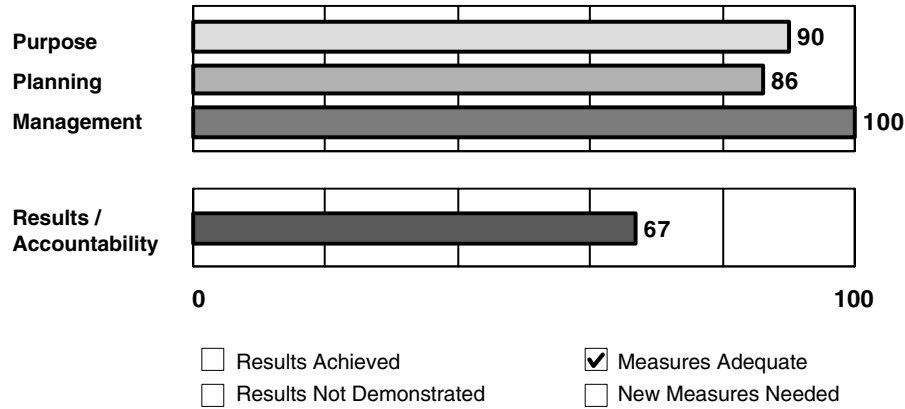


Program: National Flood Insurance

Agency: Department of Homeland Security

Bureau:



Key Performance Measures

	Year	Target	Actual
Long-term Measure: Estimated value of disaster and property loss avoided	2002	\$1.000B	\$1.102B
	2003	\$1.200B	
	2008	\$10B total	
Long-term Measure: Percentage of flood claims processed according to program standards (New measure)	2004	90%	
	2008	100%	
Annual Measure: The income to expense ratio of the flood insurance program	2000		112.4%
	2001	114.0%	
	2003	116.0%	
	2004	117.0%	

Rating: Moderately Effective

Program Type: Direct Federal

Program Summary:

The National Flood Insurance Program offers basic flood insurance coverage for homes and businesses in the United States.

The PART revealed that the program purpose and design, strategic planning, and program management are basically sound. The program receives some criticism concerning its low participation rate and the inclusion of some properties which are only a burden on the taxpayer. Currently, less than half of the eligible properties in identified flood plains participate in this program. In comparison, the participation rate for private wind and hurricane insurance is near 90 percent in at-risk areas. Additionally, FEMA is not currently targeting the proper properties, allowing repetitive loss properties to be insured under this program. Some modifications could improve program results. Examples include:

1. Phasing out repetitive loss properties.
 2. Ending taxpayer subsidies for second homes and vacation properties.
- These reforms depend on enactment of legislation, which Congress has previously declined to do.

In response to these findings, the Administration will develop outcome based performance measures. Additional program reforms are being deferred until establishment and incorporation of the program into the Department of Homeland Security.

Note--Funding identified below is estimate of gross spending for this program. There are fees and premiums which offset the program costs.

Program Funding Level (in millions of dollars)

<u>2002 Actual</u>	<u>2003 Estimate</u>	<u>2004 Estimate</u>
943	1,527	1,551