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$2.6 Billion in NFIP Subsidies Remain Five Years into Risk Rating 2.0, Neptune Flood Research Group Analysis of FEMA Data Shows

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42% of policyholders still pay below full-risk price; the remaining discount is concentrated in Florida, non-primary homes, and high-value properties, and is on track to phase out by the late 2030s

ST. PETERSBURG, Fla.--(BUSINESS WIRE)-- **Neptune Flood**, the largest private flood insurance provider in the United States, today released a report analyzing FEMA's public policy-level data on National Flood Insurance Program (NFIP) pricing five years after the launch of Risk Rating 2.0. The report, "The $2.6 Billion That Remains: NFIP Subsidization Five Years into Risk Rating 2.0," quantifies how much below-full-risk pricing remains, where it sits, who holds it, and when it ends.

The data shows the reform is working as designed: more than half of NFIP policies are now priced at full risk, up from one third in December 2022. But 1.5 million policyholders, 42% of the program, still pay below their full-risk price, a gap of roughly $2.6 billion per year. Under the statutory 18% annual rate cap, another $10 to $13 billion will be subsidized before the gap closes in the late 2030s.

Key findings from FEMA's data:

- **Homes valued at $1 million or more hold at least 17% of the subsidy** on 4% of policies.
- **Second homes, rentals, and businesses hold 42% of subsidy dollars** on 28% of policies.
- **Florida holds 48% of the national subsidy**, $1.2 billion per year.
- **The 10% of areas with the most flood losses hold 70% of subsidy dollars**; areas with no claims hold 2%.
- **The subsidy is closing at roughly $50 million per month**, but 43% of that closure came from policyholders leaving the program.

“Risk Rating 2.0 is doing what it was designed to do, and most policyholders now pay the full-risk price,” said Trevor Burgess, CEO of Neptune Flood. “What remains is measurable, concentrated, and closing on a known timeline. That clarity gives policymakers the information they need to plan the next phase deliberately.”

Much of the pushback on rising NFIP prices centers on affordability. The data shows, however, that most of the remaining discount flows to second homes, businesses, and high-value properties rather than to the households that need help. The report recommends continuing the phase-out while providing direct, means-tested assistance to the primary homeowners who need it.

Click here to view the complete analysis.

About Neptune Flood

Neptune Flood (NYSE: NP) is a leading, data-driven managing general agent offering a range of easy-to-purchase residential and commercial insurance products, including primary flood and excess flood insurance, distributed through a nationwide network of agencies. Leveraging proprietary artificial intelligence and advanced data science, Neptune delivers fast, accurate, and accessible coverage for residential and commercial properties across the United States. The Company operates without human underwriters, using Triton®, its cutting-edge platform to streamline underwriting, pricing, and policy issuance.

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