



NEWS RELEASE

Neptune Flood Research Group Reveals California's Hidden Flood Crisis: Only 1.4% of Properties Insured, with 2.3 Million at Risk

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Report finds NFIP participation has fallen 35% since 2016 as flood exposure grows, leaving California homeowners dangerously under protected

ST. PETERSBURG, Fla.--(BUSINESS WIRE)-- [Neptune Flood](#), the largest private flood insurance provider in the United States, today released a new report from the Neptune Flood Research Group revealing that California faces one of the largest flood insurance coverage gaps in the country. Despite 2.3 million properties facing flood risk over the next 30 years, residential flood insurance penetration across the state stands at just 1.4%.

The report documents how flooding driven by atmospheric rivers, urbanization, aging infrastructure, and post-wildfire conditions represents a persistent, underappreciated threat to California homeowners, even as participation in the National Flood Insurance Program (NFIP) has declined by 35% since 2016.

Key Findings

- **2.3 million California properties at flood risk.** Modern flood modeling identifies more than 2.2 times as many properties at substantial flood risk as FEMA flood maps, uncovering nearly 600,000 additional properties outside designated high-risk zones.
- **Flood losses are heavily concentrated.** The top ten California counties account for nearly two-thirds of all NFIP losses since 1978, yet only 2.7% of residential properties in those counties carry flood insurance.
- **45% of NFIP claims occur outside mapped floodplains.** Despite this, only 34% of NFIP contracts in force are located outside FEMA-designated high-risk zones, far below Texas (66%) and Louisiana (50%).
- **NFIP coverage limits are inadequate for California.** With median California home values of \$750,000–

\$800,000, the NFIP's \$250,000 residential building limit often represents less than a third of the actual cost to rebuild.

- **Premiums are rising as participation falls.** Average NFIP premiums in California have increased by more than 33% since 2016, driven by FEMA's transition to Risk Rating 2.0, intensifying affordability pressures in an already high-cost state.
- **Post-wildfire flood risk is sharply elevated.** With five of the ten largest wildfires in California history occurring since 2017, as little as half an inch of rainfall per hour in recently burned areas can trigger debris flows, extending flood risk well beyond traditional floodplains.

"Flood risk in California is rising, but coverage is falling. Millions of homeowners are left exposed to a growing and often misunderstood threat. Bridging that gap will take broader access to modern flood insurance solutions, like those offered by the private market."

Matt Duffy, President, Neptune Flood

The report calls for a coordinated response to close the coverage gap, including investment in flood infrastructure, modernization of FEMA flood maps, expanded access to private flood insurance, and greater integration of flood resilience into California's housing and development standards.

The full report, California Underwater: A Blind Spot in the Golden State, [is available here](#) and on neptuneflood.com/research.

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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