United States Senate

WASHINGTON, DC 20510

February 3, 2026

Acting Administrator Karen Evans
Federal Emergency Management Agency (FEMA)
500 C Street, S.W.
Washington, D.C. 20472

Dear Acting Administrator Evans:

We write to follow up on our June 9, 2025 letter to then-Acting Administrator David Richardson regarding FEMA's implementation of Risk Rating 2.0 under the National Flood Insurance Program (NFIP). At that time, we raised concerns that steep and sustained premium increases would reduce participation in the program and undermine its long-term viability. Subsequent data now confirms those concerns.

Since Risk Rating 2.0 took effect, flood insurance premiums have increased in every state, and FEMA estimates that approximately 77 percent of policyholders now pay more than they would have under the prior system.[1] In Louisiana and other flood-prone states, premium increases of well over 100 percent have forced tens of thousands of homeowners to drop coverage altogether.[2] These trends are not isolated—they reflect a nationwide contraction in NFIP participation driven by affordability pressures.

FEMA's November 2025 response to our letter emphasized that Risk Rating 2.0 is necessary to maintain actuarial soundness and reflect true risk. It further emphasized that FEMA shares in our goal of increasing participation in the program. While the NFIP must be financially responsible, recent peer-reviewed research demonstrates that Risk Rating 2.0 is producing outcomes that threaten the program's stability. A December 2025 study published in the *Journal of Catastrophe Risk and Resilience* finds that Risk Rating 2.0 has resulted in an 11–39 percent decline in new NFIP policies and a 5–13 percent decline in existing policies, depending on the size of premium increases.[3] These declines are largest in communities least able to absorb repeated annual rate hikes.

This loss of participation is a structural problem for the NFIP. Flood insurance depends on a broad risk pool to function effectively. As policyholders exit the program, risk becomes more concentrated, premiums face additional upward pressure, and volatility increases. At the same time, uninsured homeowners are more likely to rely on post-disaster federal assistance, shifting

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[1] FED. EMERGENCY MGMT. AGENCY, U.S. DEP'T OF HOMELAND SEC., *NFIP's Pricing Approach State Profiles* (2023), https://www.fema.gov/flood-insurance/risk-rating/profiles.
[2] FED. EMERGENCY MGMT. AGENCY, U.S. DEP'T OF HOMELAND SEC., *Risk Rating 2.0 – National Rate Analysis*, https://www.fema.gov/sites/default/files/documents/fema_risk-rating-2.0-national-rate-analysis.pdf.
[3] Jesse D. Gourevitch et al., *Effects of Risk-Based Pricing Reform on Flood Insurance Uptake*, Journal of Catastrophe Risk and Resilience, Vol. 3, Art. 07 (Dec. 2025).

costs away from a pre-disaster insurance model and onto taxpayers.[4] Rather than reducing federal exposure, Risk Rating 2.0 risks increasing long-term disaster costs while weakening the insurance base Congress intended the program to rely upon.

We are also concerned by FEMA's continued lack of transparency surrounding Risk Rating 2.0. FEMA has not released the underlying data, assumptions, or modeling used to generate premium increases, nor provided a mechanism for meaningful external review. Without transparency, homeowners cannot understand rate changes, communities cannot plan mitigation investments with confidence, and Congress cannot assess whether the pricing system is operating as intended.

For these reasons, we respectfully urge FEMA to take the following actions:

1. Terminate the Risk Rating 2.0 pricing methodology, halt premium increases exceeding the statutory minimum, and work with Congress to restore a rating structure that supports broad participation and program stability.
2. Provide full transparency into NFIP rate-setting, including publication of all data inputs, modeling assumptions, and actuarial analyses used to justify premium increases.

Time is of the essence. Each year Risk Rating 2.0 remains in place, participation continues to erode, the insurance pool weakens, and taxpayer exposure grows. Immediate action must be taken to stop the actuarial death spiral. We urge FEMA to act promptly to correct course and ensure the NFIP fulfills its core mission of protecting homeowners, communities, and federal taxpayers alike.

Thank you for your attention to this matter. We look forward to continued engagement on this issue.

Sincerely,

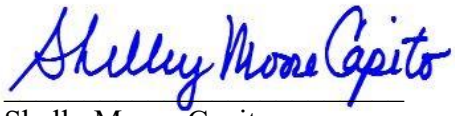
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John Kennedy
United States Senator

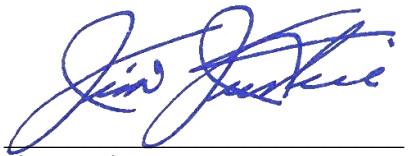
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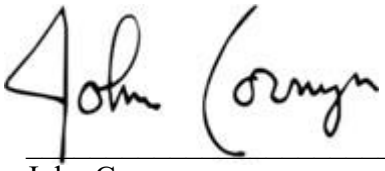
[4] Government Accountability Office, *Flood Insurance: FEMA's New Rate-Setting Methodology Improves Actuarial Soundness but Highlights Need for Broader Program Reform*, GAO-23-105977 (2023).



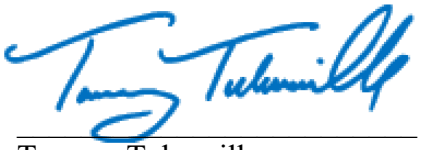
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