FEMA TO LAUNCH CAT BOND FOR THE NFIP

Washington, D.C., (July 17, 2018) – In yet another significant step to utilize the private market to manage the financial burden of the National Flood Insurance Program’s catastrophic flood risk, it is being reported the Federal Emergency Management Administration (FEMA) will launch a cat bond to transfer risk from the NFIP to the capital markets through Flood Smart Re, a Bermuda-domiciled insurance vehicle.

Frank Nutter, president of the Reinsurance Association of America, said, “The RAA has long advocated for the NFIP to utilize the private market to provide financial backing for the government’s flood risk. Along with its second successful placement of reinsurance coverage earlier this year, the cat bond issuance confirms FEMA’s continued commitment to expanding private sector backing and the financial protections it will afford the NFIP and American taxpayers.” Commenting further on the upside of FEMA’s utilization of the private market, Mr. Nutter noted that, “FEMA recovered the full $1.042 of reinsurance coverage it placed with the private reinsurance sector in January 2017.”

[Read about the cat bond issuance.](#)

The Reinsurance Association of America (RAA) is the leading trade association of property and casualty reinsurers doing business in the United States. RAA membership includes reinsurance underwriters and intermediaries licensed in the U.S. and those that conduct business on a cross-border basis. The RAA represents its members before state, federal and international bodies.