




FEMA

W-08067

September 22, 2008

MEMORANDUM FOR: Write Your Own (WYO) Principal Coordinators,  
NFIP Servicing Agent, and Selected Adjusting Firms

FROM:

  
Edward L. Connor  
Acting Federal Insurance Administrator  
National Flood Insurance Program

SUBJECT: NFIP Borrowing Authority

In the months following Hurricane Katrina, Congress extended the NFIP borrowing authority, which is basically a line of credit, to \$20.7 billion. The NFIP has borrowed about \$17.3 billion to pay claims from Hurricanes Katrina, Rita, and Wilma and the interest that has accrued on that borrowing.

This year, Hurricane Ike has caused extensive damage along the coasts of Texas and Louisiana and further inland, including many areas not typically subject to tropical rain events. That is in addition to flood damage caused by Hurricane Gustav, other tropical storms, and summer flooding in the Midwest.

FEMA is collecting information on the extent of Ike's flooding and matching that information with data on NFIP policies. We do not yet have a firm estimate of the number of claims likely to be filed because many areas still cut off by floodwaters are unsafe for adjusters (and evacuated residents) to enter. We are using advanced tools, including aerial photography and mapping, to get a better idea of our exposure.

While we **hope** that the \$3.4 billion available in borrowing authority will be enough to cover claims from Hurricane Ike and any other major flooding events that have occurred and may still occur this year, FEMA and the NFIP recognize that it is important to pay flood insurance claims promptly and efficiently so that our policyholders can quickly begin the task of rebuilding.

To that end, FEMA is analyzing the need for additional borrowing authority to cover Hurricane Ike claims and will be working with the White House and Congress over the next few days to better identify our needs. Further information will be provided to you as it becomes available.

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Required Routing: Claims, Underwriting