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**Press Release**

## **Milliman analysis indicates majority of single-family homes in FL, TX, LA could see cheaper premiums with private flood insurance**

**Even in high-risk areas, between 49% and 77% of homes could see premiums lower than those of the NFIP**

SEATTLE – JULY 11, 2017 – Milliman, Inc., a premier global consulting and actuarial firm, today announced the results of a first-of-its-kind study to assess the feasibility of a private flood insurance market in several key states across the U.S. The study, which was conducted in collaboration with risk modeling firm KatRisk, set out to model private flood insurance risk and potential premiums for all single-family homes in Florida, Texas, and Louisiana – which combined account for 56% of National Flood Insurance Program (NFIP) policies in-force nationwide. The study includes all single-family homes in those states, not only those who are currently purchasing flood insurance from the NFIP, and the modeled NFIP premiums do not include the effects of grandfathering. The estimated private insurance premiums were developed using reasonable assumptions selected by Milliman.

Key findings include:

- For all single-family homes, 77% in Florida, 69% in Louisiana, and 92% in Texas could see cheaper premiums with private insurance than with the NFIP.
- In Florida, 44% of homes modeled could see premiums less than one-fifth that of the NFIP, while the same holds true for 42% of homes in Louisiana and 70% of homes in Texas.
- Conversely, private insurance would cost at least double the NFIP premium for 14% of single-family homes in Florida, 21% in Louisiana, and 5% in Texas.
- Across Special Flood Hazard Areas (SFHAs) – the high-risk zones in which flood insurance is mandatory – private insurance could offer cheaper premiums than the NFIP for 49% of single-family homes in Florida, 65% in Louisiana, and 77% in Texas.

“The catastrophic rainstorms in Louisiana in 2016 are one example of the devastating financial effect flood can have on communities outside mandatory purchase areas,” says Nancy Watkins, a consultant at Milliman and author of the market feasibility studies. “A thriving private insurance market would provide wider and in many cases less expensive options that could protect more U.S. consumers, expand the awareness of the need for flood insurance, and spread the risk beyond the NFIP.”

To view the complete report including additional findings and critical assumptions, visit <http://us.milliman.com/insight/2017/Could-private-flood-insurance-be-cheaper-than-the-NFIP>.

**About Milliman**

Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in healthcare, property & casualty insurance, life insurance and financial services, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe. For further information, visit [milliman.com](http://milliman.com).

**About KatRisk**

KatRisk, a catastrophe modeling firm founded in 2012, specializes in global flood and tropical cyclone risk. It is our mission to be a provider of comprehensive and cost effective catastrophe risk models and data, resulting in exceptional value to clients. For more information, contact KatRisk at 510 984 0056 or [contact@katrisk.com](mailto:contact@katrisk.com)

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