Floods: State of the Risk

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Inland Flooding Continued to Surge in 2025

Deadly floods swept through the United States at a record pace in 2025, with inland flooding from both tropical and severe convective storms causing most of the devastation. As these events increase in frequency and severity, more communities are at risk of flooding than ever before, yet many homeowners lack adequate insurance coverage.

From inundated subway tunnels in New York to homes swept away in a mountainous region of New Mexico, flash flooding over the summer triggered the most flood warnings in any given year to date by July. This surge was led by the unprecedented Central Texas flood that claimed more than 130 lives. Atmospheric rivers later fueled winter storms that soaked California with up to nearly half a year's worth of rain in certain areas, spawning mudflows that buried cars and damaged hundreds of homes.

Remnant moisture from a tropical storm also spurred flash flooding in North Carolina, particularly for counties where less than 1 percent of households were covered by flood insurance. Much of the state is still recovering from flooding generated by 2024's Hurricane Helene, which caused hundreds of deaths and billions in insured losses across a 500-mile swath of the U.S. Southeast, spanning Florida, Georgia, the Carolinas, Virginia, and Tennessee.

New York City experienced multiple flash floods in 2025, echoing August 2021, when the city received its first-ever flash flood warning as remnants of Hurricane Ida dumped rain across the East Coast, where less than 5 percent of homeowners had flood insurance. Similarly, only a few dozen federal flood insurance policies were in effect when a series of July 2023 thunderstorms hit Eastern Kentucky and Central Appalachia, leading to 39 fatalities.

Understanding flood coverage

Approximately 90 percent of all U.S. natural disasters involve flooding, facilitating flood events in 99 percent of U.S. counties over the past 20 years. While 2025 losses from natural catastrophes fell below recent averages, floods – alongside severe convective storms and wildfires – contributed to $166 billion in total global losses, according to Munich Re estimates. This figure is greater than the inflation-adjusted averages of losses from such perils for the past 10 and 30 years.

"Adapting to these risks is essential," said Thomas Blunck, member of the Board of Management at Munich Re, noting that the United States continues to rank "number one in loss statistics" as these catastrophes follow an "increasing trend towards very considerable damage."

Unfortunately, many homeowners are unaware that a standard homeowners' policy doesn't cover flood damage or believe flood coverage is unnecessary unless their mortgage lender requires it, contributing to 64 percent of homeowners expressing they were not at risk for flooding in a separate 2023 study from Munich Re, in collaboration with Triple-I.

"Weather Whiplash" on the rise

Defined by NOAA as a rapid swing between two extreme environmental conditions, "weather whiplash" is becoming increasingly frequent in states like California and Texas, where prolonged droughts collide with periods of heavy rains and flooding.

Fueled by increased tropical moisture from rising ocean temperatures, these drought-to-flood/hot-to-cold transitions drove many of the 21 billion-dollar severe convective storms in 2025, more than any prior year on record. Such events further reflect demographic shifts placing more people and property in harm's way, underscoring the need to modernize building codes and strengthen emergency and infrastructure planning to mitigate emerging climate risks.

Though more than half of all homeowners with flood insurance are covered by FEMA's National Flood Insurance Program (NFIP), federal regulations introduced in 2019 allowed mortgage lenders to accept private flood insurance if the policies abided by regulatory definitions. This regulatory change accelerated private-market participation. While that growth has slowed in recent years, the charts to the right make clear private insurers are accounting for a bigger piece of a growing flood risk pie.

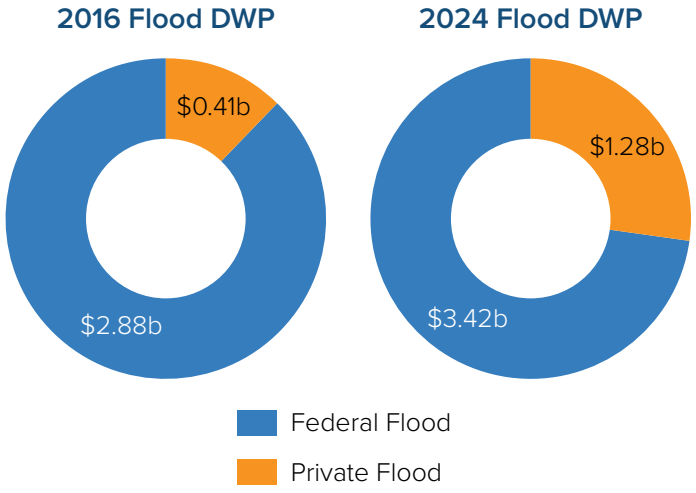
Between 2016 and 2024, the total flood market grew by nearly 43 percent – from $3.29 billion in direct premiums written to $4.7 billion – with 79 private companies writing just over 27 percent of the business.

Advanced data and analytics capabilities also helped stimulate private insurer confidence in the flood market. Though a data gap emerged following NOAA's announcement it would cease tracking the country's costliest disasters in 2025. Nonprofit Climate Central has assumed responsibility for the dataset and aims to expand upon that resource to include coverage of smaller catastrophe events. The effort is expected to provide insurers with more granular insight into flood-related losses.

Incentivizing risk reduction

Beyond providing coverage, NFIP plays a crucial role in promoting climate resilience through programs such as the Community Rating System (CRS). A voluntary program, the CRS rewards homeowners with premium discounts when their communities invest in floodplain management practices exceeding the NFIP's minimum standards. Communities that achieve the highest rating qualify residents for premium reductions of up to 45 percent.

Solutions like the CRS can provide relief where still needed after the cancellation of other FEMA-managed initiatives like BRIC, which rescinded approximately $882 million in funding from hundreds of mitigation projects. Cancellation of another program – the Environmental Protection Agency's (EPA) Community Change Grants – resulted in the termination of a $20 million flood protection investment in an Alaska Native community slammed by remnants of Typhoon Halong just five months later. Floods downed power lines, wrecked boardwalks, and lifted homes off their foundations, highlighting the disproportionate impact of climate risks on Native Americans.



According to a report produced by the U.S. Chamber of Commerce and Allstate, every dollar invested in disaster resilience can save up to $33 in avoided economic costs. Triple-I has published extensively on the need for collective action at all levels – individual, commercial, and government – to predict and prevent climate-related damages through preemptive mitigation and resilience building. Triple-I and its members are committed to fostering these collaborations and regularly contribute data and analysis to inform these risk-management discussions.

Learn More:

- Few, High-Powered Storms Defined 2025 Hurricane Season
- Severe Winter Weather Ravages U.S. Communities
- Industry, Universities Team Up to Study Convective Storms
- Storm-Resistant Roof Efforts Gain Ground
- Jamaica Payout Spotlights Potential of Parametric
- End of Federal Shutdown Revives NFIP — For Now
- Storms Slam California, Raising Mudslide Risk
- Resilience Investment Payoffs Outpace Future Costs More Than 30 Times
- Nonprofit to Rescue NOAA Billion-Dollar Dataset
- Some Weather Service Jobs Being Restored; BRIC Still Being Litigated