

FLOOD INSURANCE AND ITS RELATIONSHIP  
TO FLOODPLAIN MANAGEMENT

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Evolution of the Management Program

The National Flood Insurance Program has had the greatest impact of any federal program in developing an awareness of the need to manage our nation's floodplains. It involves all three levels of government--local, state, and federal--and has, therefore, engendered many conflicts over regulations, standards, and policies. The national impact took many years to evolve and its effectiveness has been hampered by some of the policy decisions in the political arena.

Flood insurance first became a national topic in 1951 following a disastrous flood along the Missouri River. President Truman asked the insurance industry to re-examine its traditional position of not underwriting flood damages. In response, the Insurance Executives Association appointed a committee to study the problems of floods and flood damage. In May of 1952 a report was published with the conclusion that insurance companies:

could not prudently engage in this field of underwriting.  
It is our considered opinion that insurance against the  
peril of flood applicable to fixed property cannot  
successfully be written and that any specific promise  
of indemnity for loss by flood must therefore be regarded  
as in the nature of a subsidy or relief payment,  
which are quite outside the scope of private insurance....  
As a long-range program, it appears that an accelerated  
flood control program supplemented by such relief payments  
as are necessary on account of flood damage would be more  
in the interest of the public than a program of so-called  
'flood insurance' which would not be self-supporting.