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REPORT TO THE CONGRESS

Examination Of Financial Statements Of The National Flood Insurance Program Fiscal Year 1974

Federal Insurance Administration
Department of Housing and Urban Development

**BY THE COMPTROLLER GENERAL
OF THE UNITED STATES**

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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To the President of the Senate and the
Speaker of the House of Representatives

This report summarizes the results of our examination of the financial statements of the National Flood Insurance Program, Federal Insurance Administration, Department of Housing and Urban Development, for the fiscal year ended June 30, 1974, and other information about the program's operation and financial condition.

We made our examination pursuant to the Government Corporation Control Act (31 U.S.C. 841).

We are sending copies of this report to the Director, Office of Management and Budget; the Secretaries of the Treasury and of Housing and Urban Development; and the Administrator, Federal Insurance Administration.

A handwritten signature in black ink, reading "James A. Heath".

Comptroller General
of the United States

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ABBREVIATIONS

FIA	Federal Insurance Administration
GAO	General Accounting Office
HUD	Department of Housing and Urban Development
NFIA	National Flood Insurers Association

D I G E S T

THE NATIONAL FLOOD INSURANCE PROGRAM

The National Flood Insurance Program is a two-part operation.

1. The Federal Insurance Administration, a component of the Department of Housing and Urban Development,
 - sets policy,
 - establishes premium rates,
 - designates areas eligible for insurance, and
 - reinsures, for a fee, the insurers that sell flood insurance. (See chs. 1 and 2.)
2. The National Flood Insurers Association, a pool of 120 private insurance companies participating in the program under an agreement with the Secretary of Housing and Urban Development, conducts day-to-day insurance activities, such as selling insurance, collecting premiums, and settling claims. (See ch. 3.)

OPINION ON FINANCIAL STATEMENTS

Federal Insurance Administration

In GAO's opinion, the accompanying financial statements (schs. 1 through 3) present fairly the Federal Insurance Administration's financial position pertaining to its activities in the National Flood Insurance Program at June 30, 1974 and 1973, and the results of its operations and the source and application of its funds (changes in its financial position) for the fiscal years then ended, in conformity with principles and standards of accounting prescribed by the Comptroller General of the United States. (See p. 13.)

National Flood Insurers Association

In GAO's opinion, the financial statements of the National Flood Insurers Association (apps. II through IV), subject to the final determination of the liability for Federal income taxes referred to in note 4, appendix V (see p. 27), present fairly the financial position of the Association at June 30, 1974, and the results of its operations and changes in financial position for the fiscal year then ended, in conformity with accounting practices prescribed or permitted for insurance companies by State or regulatory authorities applied on a consistent basis except for the restatements, with which GAO concurs, covering fiscal year 1973 financial statements and the nonrecognition of any liability for Federal income taxes, as described in notes 3 and 4, appendix V (see pp. 26 and 27).

CHAPTER 1

INTRODUCTION

The National Flood Insurance Program was established under authority of the National Flood Insurance Act of 1968 (42 U.S.C. 4011). The act included a provision subjecting the program to the requirement of the Government Corporation Control Act and thus made mandatory an annual audit by the Comptroller General. Effective July 1, 1974, the annual audit requirement in the Government Corporation Control Act was amended by Public Law 93-604, approved January 2, 1975, and the annual audit requirement was changed to require that an audit be made at least once in every 3 years.

The 1968 act authorized the Secretary of Housing and Urban Development to establish and carry out a national flood insurance program and to encourage and assist insurance companies and other insurers to join together in a pool to provide flood insurance coverage to property owners in flood-prone areas. The act extended the term "flood" to include inundation from mudslides caused by accumulation of water on or under the ground. The Flood Disaster Protection Act of 1973 (42 U.S.C. 4002) further extended the term "flood" to include the collapse or subsidence of land along the shore of a lake or other body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels.

The Secretary delegated the program's administration to the Administrator, Federal Insurance Administration (FIA), a Department of Housing and Urban Development (HUD) component which also administers programs that provide crime insurance and reinsurance against abnormal loss resulting from riots and civil commotions.

The National Flood Insurance Program is a subsidized Government-sponsored program designed to help owners of real or personal property, in areas designated by the Administrator, FIA, as eligible for flood insurance, to purchase such insurance. Premium rates are established on an actuarial basis and, insofar as practicable, at a level sufficient to cover the estimated full cost of the insurance and to help the accumulation of reserves to pay anticipated losses. To encourage the purchase of flood insurance, the Administrator has established lower than full-cost rates--chargeable rates. The difference between the chargeable rates charged by the insurer and the full-cost actuarial rates provides the basis for subsidy by the

Federal Government. The subsidy in the form of a quarterly premium equalization payment to the insurer is made after flood losses covered by chargeable rate policies are paid.

The Secretary entered into an agreement with the National Flood Insurers Association (NFIA) to provide insurance coverage on a limited risk-sharing basis. (See ch. 3.) The agreement describes NFIA as a voluntary, non-profit, unincorporated association. At June 30, 1974, NFIA consisted of 120 private insurers.

The 1968 act authorized the Secretary to borrow up to \$250 million from the U.S. Treasury on interest-bearing notes or other obligations to establish a National Flood Insurance Fund. The Flood Disaster Protection Act of 1973 increased the borrowing authority of the Secretary to \$500 million without the President's approval and up to \$1 billion with the President's approval. The Secretary is directed by the 1973 act to report to the House Committee on Banking and Currency (now the House Committee on Banking, Currency, and Housing) and to the Senate Committee on Banking, Housing and Urban Affairs at any time a request is made for the President's approval for increased borrowing capacity.

Credits to the fund, in addition to borrowings from the Treasury, consist of (1) reinsurance premiums, (2) advances from appropriations to maintain the fund in an operative condition adequate to meet its liabilities, (3) interest earned on investments of the fund, (4) NFIA transfers of the amount by which its operating balance for any accounting period exceeds 5 percent of the policyholder premiums (to be held by the Administrator, FIA, for payment of losses, operating costs, and operating allowances NFIA may sustain in the future), and (5) any other receipts accruing from the insurance operations.

The fund is available for (1) premium equalization payments to insurers (based on the difference between the actuarially determined, full-cost premium rates and the chargeable premium rates established by the FIA Administrator to encourage the purchase of flood insurance), (2) payment of claims of insurers who purchased FIA reinsurance coverage to cover excess flood insurance losses, (3) financing of the flood insurance program, in whole or in part, if joint Government-industry operation becomes unfeasible, (4) repayment to the Treasury of borrowed amounts and interest, (5) payment of such administrative expenses as the Secretary may deem necessary to carry out the flood insurance program, and (6) payment of incurred losses, operating costs, and

operating allowances to NFIA (not exceeding the balance of funds previously paid to the Administrator to be held for this purpose).

The 1968 act authorized the appropriation of funds for administrative expenses necessary to carry out the National Flood Insurance Program, including costs incurred in studies and investigations to establish premium rates, and for those expenses necessary to determine the areas eligible for flood insurance.

The Flood Disaster Protection Act of 1973 requires that, not later than 6 months after its enactment on June 30, 1974, the Secretary (1) identify and publish information on all known flood plain areas, including U.S. coastal areas which have special flood hazards, and (2) notify each known flood-prone community not already participating in the National Flood Insurance Program of its tentative identification as a community containing one or more areas having special flood hazards. The FIA flood insurance records show that the Secretary complied with the requirements.

As information becomes available to the Secretary that causes him to determine that flood hazards exist in communities not tentatively identified previously, he must notify such communities of their tentative identification.

After a community is notified that it has been tentatively identified as being flood prone, it is required to (1) promptly apply for participation in the National Flood Insurance Program or (2) satisfy the Secretary within 6 months that it is not seriously flood prone or that the flood hazard that existed has been corrected.

Lists of communities tentatively identified as being special flood hazard areas are regularly published in the Federal Register under title 24, Code of Federal Regulations, part 1915.3 in advance of the effective date of formal identification.

The Secretary may grant a public hearing to any community for which conflicting data exists about the nature and extent of a flood hazard. If the Secretary decides not to hold a hearing, the community shall be given an opportunity to submit written and documentary evidence. The Secretary's decision about the existence or extent of a flood hazard area is final, if supported by substantial evidence in the record, considered as a whole.

According to the Flood Disaster Protection Act of 1973, identified flood-prone communities which do not qualify for the National Flood Insurance Program within 1 year after notification by the Secretary or by July 1, 1975, whichever is later, will be ineligible for financial assistance under all Federal programs for acquisition or construction purposes. The act directs Federal instrumentalities responsible for supervising lending institutions to prohibit such institutions, on and after July 1, 1975, from making, increasing, extending, or renewing any loan secured by improved real estate or a mobile home in areas the Secretary identified as having special flood hazards, unless the community is participating in the flood insurance program.

An FIA official said that as of July 15, 1975, 15,289 flood-prone communities had been identified by the Secretary as having areas of special flood hazard, and 10,272 communities had been approved as being eligible for flood insurance as a result of the community enactment of local flood plain management regulations.

The Flood Disaster Protection Act of 1973 extended to December 31, 1975, the expiration date of the emergency flood insurance program established by previous legislation. Under the emergency flood insurance program, the Secretary was authorized to provide flood insurance coverage at the Government-subsidized chargeable rate without first determining actuarial premium rates for individual areas.

NFIA began to sell regular program flood insurance on June 25, 1969, after the Secretary had designated the first two communities eligible for flood insurance coverage. At June 30, 1974, 4,090 communities were eligible for flood insurance coverage, 536 under the regular program and 3,554 under the emergency program. During fiscal year 1974 the eligibility of two communities was suspended because of their failure to comply with the established criteria for land use and control measures, and the eligibility of one community was reinstated. As of June 30, 1974, 50 eligible communities were in suspension.

The Flood Disaster Protection Act of 1973 eliminated the ceiling established by previous legislation and did not set a new ceiling on the amount of insurance that could be in force at any given time. In addition, June 30, 1977, was established as the expiration date of the National Flood Insurance Program.

At June 30, 1974, about \$8.5 billion of flood insurance was in force--\$3.8 billion under the emergency program and \$4.7 billion under the regular program. At June 30, 1973, about \$4.6 billion of flood insurance was in force--\$2.5 billion under the emergency program and \$2.1 billion under the regular program.

The premium equalization costs, which form the basis for the premium equalization payments by FIA to NFIA, amounted to \$42.3 million in fiscal year 1974, compared with \$25.4 in fiscal year 1973, an increase of \$16.9 million. As a consequence, premium equalization payments to NFIA by FIA for its share of paid insurance claims and related operating costs increased by \$14.8 million to \$37.3 million in fiscal year 1974 from \$22.5 million in the preceding fiscal year. The increase of \$14.8 million together with the increase of \$2.4 million interest expense offset by a \$1.3 million increase in reinsurance premiums resulted in an overall loss of \$37.1 million in fiscal year 1974--a loss increase of \$15.9 million over the preceding fiscal year's loss.

CHAPTER 2

DESCRIPTION OF INSURANCE COVERAGE

GENERAL INFORMATION

The owner of real or personal property insured under the National Flood Insurance Program is indemnified for loss of, or damage to, his property resulting from naturally caused general floods or mudslides and for damage from selected sources other than natural causes, such as dam breakage. However, the insurance does not cover loss from water or mudslide damage resulting from causes on an owner's property or from conditions within his control.

Flood insurance policies are written for 1-year terms under both the regular and the emergency programs. When the FIA Administrator designates an area as eligible for flood insurance, NFIA designates an office of a member company as the servicing office for the eligible area. NFIA pays servicing offices on a sliding scale based on volume handled. In turn, FIA reimbursed NFIA at a rate of \$10 a policy before August 31, 1973; thereafter the rate was reduced to \$8.75.

Before July 10, 1972, NFIA paid the agent securing the business a commission of 15 percent of the annual premium. Effective July 10, 1972, to stimulate the sale of flood insurance, the commission arrangement was revised to provide payment of \$10, or 15 percent of the annual premium, whichever is greater, for each policy written to the agent securing the business.

An insurance policy is effective as of the date of an application, if the application is submitted within 30 days after an area has been designated as eligible for insurance. A policy written after the 30-day period becomes effective 15 days after submission of the application. The full annual premium is payable at the time the application is made. The policy is renewable on the anniversary date on payment of the annual premium. Premium refunds upon cancellation of coverage are permitted if the insured terminates his ownership interest in the covered property at the described policy location or if mortgage lenders, because of technical defects in the FIA rate map, unnecessarily required homeowners to purchase flood insurance. A clause included in each policy specifies a deductible of \$200 for loss on a structure and \$200 for loss on the contents of a structure, or 2 percent of the amount of each loss, whichever is greater.

PREMIUMS

The Administrator must establish actuarial rates for each community before it is eligible for flood insurance coverage

under the regular program. He is authorized to carry out studies and investigations to obtain the information necessary to estimate these rates. These rates are to be based on accepted actuarial principles, taking into consideration the risk involved and including applicable operating costs and allowances and certain administrative expenses.

The Administrator is also authorized to prescribe chargeable premium rates to make flood insurance available, when necessary, at reasonable rates so as to encourage the purchase of flood insurance.

The Flood Disaster Protection Act of 1973 provides that flood insurance for structures built or substantially improved within identified special flood hazard areas after December 31, 1974 (or the effective date of the initial rate map published for the area by the Secretary, whichever is later), will be subject to actuarial rather than the chargeable premium rates. The actuarial rates can be prohibitively expensive unless the buildings are properly elevated or flood proofed to lessen flood damage.

During fiscal year 1974 the chargeable premium rates established by the Administrator for structural coverage ranged from \$0.25 to \$0.35 per \$100 of insurance coverage for residential structures and from \$0.40 to \$0.60 per \$100 of insurance coverage for nonresidential structures. The chargeable premium rates for coverage of contents of residential structures ranged from \$0.35 to \$0.45 per \$100 of insurance coverage; the rate was \$0.75 per \$100 of insurance coverage for contents of nonresidential structures.

REGULAR PROGRAM

At June 30, 1974, insurance coverage under the regular program was available for all structures, including buildings that were (1) used for residential, business, agricultural, or religious purposes, (2) occupied by private non-profit organizations, and (3) owned by State or local governments. Coverage was also available for the contents of these buildings.

Before January 1974 the limits on insurance coverage available were \$35,000 for single-family residential structures, \$60,000 for all other structures, \$10,000 for the contents of each unit used for residential purposes, and \$10,000 contents coverage for each occupant of nonresidential structures.

In January 1974, as a result of changes made by the Flood Disaster Protection Act of 1973, the limits on available

insurance coverage were raised. Except in Alaska, Hawaii, the Virgin Islands, and Guam, the limits for coverage were raised to \$70,000 for single-family residential structures and \$200,000 for all other structures. Insurance coverage for the contents of each residential unit was increased to \$20,000 and to \$200,000 for contents coverage for each occupant of nonresidential structures.

For Alaska, Hawaii, the Virgin Islands, and Guam, the limits of insurance coverage were established as \$100,000 for single-family residential structures, an aggregate \$300,000 for residential structures containing more than one dwelling unit, and an aggregate \$200,000 for churches and other properties. Insurance coverage on contents was established as \$20,000 for each residential or dwelling unit and \$200,000 for churches and for each unit in other properties.

The annual premium charge for structures which were insured under the regular program and which existed before an area became eligible for insurance is the lower of the actuarial or the chargeable rate for the first half of the available insurance coverage plus the actuarial rate for the remaining half. The actuarial rate is charged for all coverage on structures constructed in a community after the Secretary has published the flood insurance rate map.

Under the regular program, 190,842 policies, with coverage amounting to about \$4.7 billion, were in force at June 30, 1974.

EMERGENCY PROGRAM

At June 30, 1974, insurance coverage under the emergency program was available for all properties, including buildings (1) used for residential, business, agricultural, or religious purposes, (2) occupied by private nonprofit organizations, and (3) owned by State or local governments. Coverage was also available for the contents of these buildings.

Before January 1974 the limits on insurance coverage available for the foregoing structures were half of the coverage available under the regular program, or \$17,500 for single-family residential structures, \$30,000 for all other structures, and \$5,000 for the contents of each residential unit and \$5,000 coverage for contents for each occupant of nonresidential structures.

In January 1974, as a result of changes made by the Flood Disaster Protection Act of 1973, the limits of available insurance coverage were raised. Except for Alaska, Hawaii, the Virgin Islands, and Guam, coverage available

is half the amount available under the regular program, or \$35,000 for single-family residential structures, \$100,000 for all other structures, \$10,000 for the contents of each residential unit, and \$100,000 coverage for contents for each occupant of nonresidential structures.

For Alaska, Hawaii, the Virgin Islands, and Guam, the limits of insurance coverage are \$50,000 for single-family residential structures, an aggregate \$150,000 for residential structures containing more than one dwelling unit, and \$100,000 for each church and other individual properties. Insurance coverage on contents is \$10,000 for each residential or dwelling unit and \$100,000 for churches and for each unit in other properties.

All premiums under the emergency program are at the chargeable premium rates, and 194,636, policies with coverage totaling about \$3.8 billion, were in force at June 30, 1974.

CHAPTER 3

AGREEMENT WITH NATIONAL FLOOD INSURERS ASSOCIATION

The 1968 act authorized the Secretary to encourage and assist insurance companies to join together in a pool to (1) provide flood insurance coverage, (2) participate financially in underwriting the risks assumed, and (3) adjust and pay claims for flood losses. Pursuant to this authorization, the Secretary entered into an agreement with NFIA in which NFIA is described as a voluntary, nonprofit, unincorporated association of insurers. The agreement was effective for the accounting period June 6, 1969, through June 30, 1970, and is considered to be renewed annually unless modified or terminated. The agreement was renewed through June 30, 1975. The more important terms of the agreement follow.

1. NFIA will exercise its best efforts to provide a continuous program of flood insurance, and changes in its membership shall not affect the continuity of the program.
2. Flood insurance in force at any one time shall not exceed \$6 billion face amount, and NFIA shall provide a minimum of \$40 million in risk capital subscribed to by its member companies at inception of the first accounting period. (Effective December 31, 1973, the Flood Disaster Protection Act of 1973 eliminated the \$6 billion ceiling on insurance coverage, gave the Secretary unlimited flood insurance contract authority, and established June 30, 1977, as the expiration date of the National Flood Insurance Program.)
3. NFIA shall arrange for the issuance of policies as well as for investigation, adjustment, and settlement of all claims presented under the policies.
4. NFIA, so as not to sustain flood insurance losses in excess of the amount assumed by the insurance pool, shall purchase excess loss reinsurance coverage from the National Flood Insurance Program. Premium payments shall be made quarterly at a provisional rate of 6 percent of the policyholders' premiums applicable to the quarter. The total premiums paid at the provisional rate shall be adjusted at the conclusion of the accounting period to an annual premium based on mutually agreed-upon rates for insurance in force in inland and coastal areas. Claims for excess loss reinsurance coverage

shall be paid by the National Flood Insurance Program when the total of incurred losses and operating costs for any accounting period after deducting premium equalization payments exceeds 125 percent of policyholder premiums.

5. NFIA may retain as an operating allowance, for such uses as its constitution may permit, a part of operating profit earned in an accounting period in an amount not to exceed 5 percent of the policyholders' premiums applicable to the period. Operating profit in excess of 5 percent of the policyholders' premiums shall be paid to the Administrator, to be held in the Treasury of the United States for the payment of future NFIA losses, operating costs, and operating allowances. Pending payment to the Administrator, the funds shall be invested in obligations of, or fully guaranteed by, the United States. Any such funds remaining at the agreement's termination shall be paid into the National Flood Insurance Fund, after the payment of all obligations incurred for the most recent accounting period.
6. If in any accounting period NFIA does not earn an amount equal to 5 percent of policyholders' premiums applicable to that period, it is entitled to payment from the funds previously paid to the Administrator in an amount large enough to provide NFIA with an operating balance equal to 5 percent of policyholders' premiums applicable to that period, provided that the payment does not exceed the balance of the fund then held by the Administrator.
7. The National Flood Insurance Program, using a formula set forth in the agreement to compute the amount, shall make periodic premium equalization payments to NFIA for the Government's share of paid flood insurance claims and for equalization of operating costs. (The foregoing contract provision is based on a requirement in the National Flood Insurance Act of 1968. The Flood Disaster Protection Act of 1973 rescinded the requirement for a formula computation and left the establishment of methods for determining the amounts and periods of equalization payments to the Secretary. According to FIA, the method set forth in the contract will be followed until the Secretary established a new method.)

8. NFIA will enter into a contract with Bradford Computer & Systems, Inc., for NFIA's purchase of a system of computerized flood insurance policy writing, billing and processing, and other statistical and computer services. All computer programs, operating manuals, instructions, source documents, stored data, and information of any kind as well as documentation developed for or specifically relating to NFIA's information processing will be the property of NFIA and FIA. FIA may, at any time, by written order, require NFIA to effect a modification of, or to change, the system procured under the NFIA-Bradford contract. In the event of noncompliance by NFIA, FIA shall have the right, within specified time frames, to directly require Bradford's adherence to FIA's changes. (NFIA entered into an agreement, effective August 1974, with Bradford Computer & Systems, Inc., for the development and maintenance of a computerized management information system. The agreement is to remain in effect for a 5-year term and on a year-to-year basis thereafter, unless terminated.)

CHAPTER 4

SCOPE OF EXAMINATION AND

OPINION ON FINANCIAL STATEMENTS

Our examination of FIA's financial statements pertaining to the National Flood Insurance Program for the fiscal year ended June 30, 1974, was made in accordance with generally accepted auditing standards and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

HUD's Office of Washington Operations and Special Projects, Office of Inspector General, reviewed the National Flood Insurance Program to determine whether (1) the program was carried out in conformity with legislative requirements, (2) NFIA correctly reported statistical and financial data to HUD, and (3) NFIA adequately monitored the flood insurance operations and claim processing of participating companies. Because the examination by the Office of Washington Operations and Special Projects did not include examination of balance sheet or income and expense accounts, we were unable to reduce our tests of the program's overall accounting records.

The National Flood Insurance Program was made subject to audit by the General Accounting Office pursuant to the National Flood Insurance Act of 1968 which provides that the provisions of the Government Corporation Control Act apply to the program. The activities of the program are carried out by FIA and NFIA. NFIA engaged a firm of public accountants to examine its financial statements. Our examination included observations and tests of the public accounting firm's work.

FEDERAL INSURANCE ADMINISTRATION

HUD prepared the financial statements, schedules 1 through 3, and the notes to the combined comparative balance sheet of FIA pertaining to its participation in the National Flood Insurance Program.

In our opinion the financial statements present fairly the financial position of the Federal Insurance Administration at June 30, 1974 and 1973, and the results of its operations and the source and application of its funds (changes in its financial position) for the fiscal year then ended, in conformity with principles and standards of accounting prescribed by the Comptroller General of the United States.

NATIONAL FLOOD INSURERS ASSOCIATION

In our opinion NFIA's financial statements (apps. II through IV), subject to the final determination of the liability for Federal income taxes referred to in note 4, appendix V, present fairly the financial position of NFIA at June 30, 1974, and the results of its operations and changes in its financial position for the fiscal year then ended, in conformity with accounting practices prescribed or permitted for insurance companies by State or regulatory authorities applied on a consistent basis, except for the restatements, with which we concur, as described in notes 3 and 4, appendix V.

In the financial statements for the fiscal year ended June 30, 1973, NFIA had provided \$3,150,464 for Federal income taxes and interest thereon retroactive to its inception. During fiscal year 1974 the NFIA Federal income tax return for the fiscal year ended June 30, 1972, was accepted by the Internal Revenue Service as filed. The Federal income tax return had been prepared on the basis adopted by NFIA--for all prior as well as succeeding years--that it had no Federal income tax liability because a portion of its net income was distributed to its members in the form of an operating allowance and the balance to HUD.

Since the Internal Revenue Service has accepted the 1972 Federal income tax return as filed, the income tax liability of \$3,150,464, applicable to the period from inception through June 30, 1973, has been eliminated from the prior year's financial statement presented in this report for comparative purposes, and the balance of the operating allowance due members, as well as the operating balances due HUD, both affected by the elimination of the Federal income tax liability, has been restated. (See notes 3 and 4, app. V.)

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
 FEDERAL INSURANCE ADMINISTRATION
 NATIONAL FLOOD INSURANCE PROGRAM
 COMBINED COMPARATIVE BALANCE SHEETS
 June 30, 1974 and 1973

	ASSETS					
	National Flood Insurance Fund		Appropriated Funds		Total	
	1974	1973	1974	1973	1974	1973
Cash and Fund Balances:						
On deposit with U.S. Treasury	\$ 4,595,793	\$ -	\$ 15,652,061	\$ 8,973,180	\$ 20,247,854	\$ 8,973,180
Accounts Receivable:						
Reinsurance premiums from NFIA	1,323,396	680,362	-	-	1,323,396	680,362
Trust deposit from NFIA (note 1)	<u>4,416,223</u>	<u>1,982,367</u>	<u>-</u>	<u>-</u>	<u>4,416,223</u>	<u>1,982,367</u>
Total assets	<u>\$ 10,335,412</u>	<u>\$ 2,662,729</u>	<u>\$ 15,652,061</u>	<u>\$ 8,973,180</u>	<u>\$ 25,987,473</u>	<u>\$ 11,635,909</u>
	LIABILITIES					
Accounts payable:						
Studies and surveys - Government	\$ -	\$ -	\$ 5,175,925	\$ 2,257,511	\$ 5,175,925	\$ 2,257,511
Studies and surveys - Other	-	-	1,579,921	168,505	1,579,921	168,505
Equalization payments due NFIA (note 2)	7,989,926	17,075,892	-	-	7,989,926	17,075,892
Accrued interest payable	1,800,775	261,155	-	-	1,800,775	261,155
Trust and deposit liabilities	<u>11,918,718</u>	<u>2,469,647</u>	<u>-</u>	<u>-</u>	<u>11,918,718</u>	<u>2,469,647</u>
Total liabilities	<u>21,709,419</u>	<u>19,806,694</u>	<u>6,755,846</u>	<u>2,426,016</u>	<u>28,465,265</u>	<u>22,232,710</u>
	INVESTMENT OF THE U.S. GOVERNMENT					
Notes payable to the U.S. Treasury	53,879,038	11,046,075	-	-	53,879,038	11,046,075
Congressional appropriations (net of amounts returned to the U.S. Treasury)	-	-	43,921,133	24,016,804	43,921,133	24,016,804
Cumulative deficit (-)	<u>-65,253,045</u>	<u>-28,190,040</u>	<u>-35,024,918</u>	<u>-17,469,640</u>	<u>-100,277,963</u>	<u>-45,659,680</u>
Investment of U.S. Government (impairment-)	<u>-11,374,007</u>	<u>-17,143,965</u>	<u>8,896,215</u>	<u>6,547,164</u>	<u>-2,477,792</u>	<u>-10,596,801</u>
Total liabilities and investment of the U.S. Government	<u>\$ 10,335,412</u>	<u>\$ 2,662,729</u>	<u>\$ 15,652,061</u>	<u>\$ 8,973,180</u>	<u>\$ 25,987,473</u>	<u>\$ 11,635,909</u>

The notes on page 18 are an integral part of this statement.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
 FEDERAL INSURANCE ADMINISTRATION
 NATIONAL FLOOD INSURANCE PROGRAM
 COMBINED COMPARATIVE STATEMENTS OF INCOME AND EXPENSE AND CUMULATIVE
 DEFICIT FOR FISCAL YEARS ENDED JUNE 30, 1974 AND 1973

	National Flood Insurance Fund		Appropriated Funds		Total	
	1974	1973	1974	1973	1974	1973
Income:						
Reinsurance premiums	\$ 2,998,607	\$ 1,660,690	\$ -	\$ -	\$ 2,998,607	\$ 1,660,690
Total income	2,998,607	1,660,690	-	-	2,998,607	1,660,690
Expense:						
Interest expense	2,790,365	392,605	-	-	2,790,365	392,605
Premium equalization expense	37,271,247	22,478,771	-	-	37,271,247	22,478,771
Administrative expense	-	-	2,250,000	925,000	2,250,000	925,000
Studies and survey expenses	-	-	15,305,278	5,093,592	15,305,278	5,093,592
Total expense	40,061,612	22,871,376	17,555,278	6,018,592	57,616,890	28,889,968
Net loss for the fiscal year	37,063,005	21,210,686	17,555,278	6,018,592	54,618,283	27,229,278
Prior fiscal years deficit	28,190,040	6,979,354	17,469,640	11,451,048	45,659,680	18,430,402
Cumulative Deficit at June 30, 1974 and 1973	\$65,253,045	\$28,190,040	\$35,024,918	\$17,469,640	\$100,277,963	\$45,659,680

The notes on page 18 are an integral part of this statement.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
 FEDERAL INSURANCE ADMINISTRATION
 NATIONAL FLOOD INSURANCE PROGRAM
 COMBINED COMPARATIVE STATEMENTS OF SOURCE AND APPLICATION OF FUNDS
 (COMBINED COMPARATIVE STATEMENTS OF CHANGES IN FINANCIAL POSITION)
 FOR FISCAL YEARS ENDED JUNE 30, 1974 AND 1973

	National Flood Insurance Fund		Appropriated Funds		Total	
	1974	1973	1974	1973	1974	1973
Source of Funds:						
Borrowing from U.S. Treasury	\$42,832,963	\$ 8,213,959	\$ -	\$ -	\$42,832,963	\$ 8,213,959
Congressional appropriations	-	-	20,000,000	10,000,000	20,000,000	10,000,000
Reinsurance premiums	2,998,607	1,660,690	-	-	2,998,607	1,660,690
Decrease in working capital	-	<u>12,996,727</u>	-	-	-	<u>12,996,727</u>
Total source of funds	<u>\$45,831,570</u>	<u>\$22,871,376</u>	<u>\$20,000,000</u>	<u>\$10,000,000</u>	<u>\$65,831,570</u>	<u>\$32,871,376</u>
Application of Funds:						
Congressional appropriations returned to U.S. Treasury	\$ -	\$ -	\$ 95,671	\$ -	\$ 95,671	\$ -
Interest expense	2,790,365	392,605	-	-	2,790,365	392,605
Premium equalization payments	37,271,247	22,478,771	-	-	37,271,247	22,478,771
Administrative expense	-	-	2,250,000	925,000	2,250,000	925,000
Studies and surveys expenses	-	-	15,305,278	5,093,592	15,305,278	5,093,592
Increase in working capital	<u>5,769,958</u>	-	<u>2,349,051</u>	<u>3,981,408</u>	<u>8,119,009</u>	<u>3,981,408</u>
Total application of funds	<u>\$45,831,570</u>	<u>\$22,871,376</u>	<u>\$20,000,000</u>	<u>\$10,000,000</u>	<u>\$65,831,570</u>	<u>\$32,871,376</u>

The notes on page 18 are an integral part of this statement.

NOTES TO COMBINED COMPARATIVE BALANCE SHEET

June 30, 1974

1. Effective as of July 1, 1971, the agreement between the Secretary and NFIA was amended to provide for the payment to the Administrator of that portion of NFIA's operating balance which in any accounting period exceeds 5 percent of the policyholder premiums. The agreement specifies that the amount paid is to be held in the Treasury of the United States for the payment of future losses, operating costs, and operating allowances as allowed by the Administrator. The Administrator and NFIA agreed that computation of the amount due to or from NFIA would be on the basis of a policy participation year. On this basis insurance premiums are considered income in the year that the policies become effective and losses and expenses related to the policies are deducted from the income, regardless of the year incurred or paid. The balance of \$4,416,223 shown in schedule 1 as an account receivable due from NFIA was computed on the basis of the following policy participation year data.

Participation year ending <u>June 30</u>	Participation year operating balance or (loss)	5 percent of policyholder premiums a/	Amount due FIA or (due NFIA) a/
1971	\$ 4,221,147.48	\$ 321,145.13	\$ 3,900,002.35
1972	3,961,365.38	355,622.85	3,605,742.53
1973	4,417,048.64	757,068.90	3,659,979.74
1974	2,125,798.41	1,297,440.50	828,357.91
1975	(65,371.39)	9,993.10	(75,364.49)
Total all years	<u>\$14,659,988.52</u>	<u>2,741,270.48</u>	<u>11,918,718.04</u>
Less, Distribution of:			
Participation year 1971 operating allowance to member companies and balance due to HUD in fiscal 1971		321,145.10	3,900,002.38
Participation year 1972 operating allowance to member companies and balance due to HUD in fiscal 1972		<u>355,623.00</u>	<u>3,602,492.35</u>
		<u>\$2,064,502.38</u>	<u>\$ 4,416,223.31</u>

a/The contract provides that if in any accounting period NFIA incurs an operating loss or does not earn a profit equal to 5 percent of policyholder premiums, it is entitled to payment from the funds previously paid to the Administrator, FIA, in an amount (not to exceed the balance of such funds) sufficient to provide NFIA with an operating balance equal to 5 percent of policyholder premiums.

Because losses and expenses are not all incurred or paid by the end of a participation year, the operating balance for the participation year cannot be determined for at least 1 year thereafter. As a result, the figures shown in the foregoing table are preliminary amounts subject to adjustment by the results of activities occurring after June 30, 1974.

2. The agreement between the NFIA and the Secretary of HUD as it pertains to equalization operating costs states that periodic payment shall be made to NFIA for the Government's share of paid flood insurance claims and for equalization of operating costs. Payments were made on this basis through fiscal year ended June 30, 1972. In fiscal year 1973, NFIA with the acquiescence of FIA, redefined incurred losses to include "Incurred But Not Reported Losses" (IBNR) and related loss adjustment expenses. However, FIA stipulated that reimbursement would not be made until actual incurred amounts of losses are determined and paid, or are in the process of being paid.

The equalization payments due NFIA shown in schedule 1 in the amount of \$7,989,926 give effect to the FIA stipulation. The foregoing amount is \$5,808,074 less than the operating costs receivable of \$13,798,000 shown in the NFIA Balance Sheets (app. II). The difference of \$5,808,074 is the amount of IBNR and related loss adjustment expenses at June 30, 1974, allocated to FIA.

3. As of June 30, 1974, the National Flood Insurance Program was contingently liable for (1) its share of flood insurance losses (equalization losses) that the NFIA may pay on the insurance in force at June 30, 1974, in the event of a flood and (2) its share of the costs that may be incurred by the NFIA to settle the flood insurance loss claims in connection with the insurance in force at June 30, 1974. The amount of the contingent liability is not readily ascertainable since flood losses, if any, will be contingent upon the occurrence, extent, and severity of floods in the areas covered by flood insurance.

4. NFIA purchased excess loss reinsurance from the National Flood Insurance Program. As of June 30, 1974, the National Flood Insurance Program is contingently liable for excess losses that the NFIA may incur for the insurance in force at June 30, 1974. The amount of the contingent liability is not readily ascertainable since it is contingent upon the occurrence, extent, and severity of floods in the areas covered by flood insurance. The method for computing the amount of excess loss is provided in the agreement between NFIA and the Secretary of HUD.

5. The United States of America, the Secretary of Housing and Urban Development, and the National Flood Insurers Association were defendants in a civil action instituted by the Commonwealth of Pennsylvania, et al. The action alleged that the defendants negligently failed to make known the availability of flood insurance to citizens of the Commonwealth of Pennsylvania, who as a result suffered uninsured losses as a consequence of the June 1972 and 1973 floods in Pennsylvania. It was alleged that the aggregate damages suffered by the plaintiffs was \$1 billion.

On July 1, 1974, in the U.S. District Court for the Middle District of Pennsylvania, the action instituted by the Commonwealth of Pennsylvania, et al., was dismissed. The Commonwealth of Pennsylvania, et al., appealed the decision to the U.S. Court of Appeals. The reply brief for the Government to the U.S. Court of Appeals was filed on January 3, 1975, requesting the decision of the U.S. District Court for the Middle District of Pennsylvania be affirmed.

On June 13, 1975, the U.S. Court of Appeals affirmed the decision of the U.S. District Court for the Middle District of Pennsylvania on all counts in the complaint of the Commonwealth of Pennsylvania, et al., against the National Flood Insurers Association, and all counts against the United States of America and the Secretary of Housing and Urban Development except the one complaint that alleges that the Secretary failed to publicize the availability of flood insurance. The complaint does not involve a claim for money damages. Instead, the Commonwealth of Pennsylvania, et al., seeks to have the U.S. District Court mandate the Secretary to publicize the availability of flood insurance and is based upon a provision in the National Flood Insurance Act of 1968 which states in pertinent part "The Secretary shall from time to time take such action as may be necessary in order to make information and data available to the public. * * *."

The U.S. Court of Appeals in remanding the one complaint to the U.S. District Court for decision stated, "It is sufficient if the Secretary, having considered whether action should be taken, then determine that no action is necessary. But the Secretary cannot avoid taking the first step of evaluating the necessity of disseminating information."

The Department of Justice which is representing the United States of America and the Secretary, has been furnished with information concerning HUD's publicity efforts and expects that the remaining count will be dismissed.

ARTHUR ANDERSEN & Co.
NEWARK, NEW JERSEY

To the Executive Committee of

National Flood Insurers Association:

We have examined the balance sheet of National Flood Insurers Association (an unincorporated association) as of June 30, 1974 and the related statements of income and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The Association presents its financial statements in conformity with statutory accounting practices. The effect on the Association's financial statements of the differences between such practices and generally accepted accounting principles have not been determined. Therefore, we do not express any opinion on the accompanying financial statements with respect to fair presentation of financial position or results of operations or changes in financial position in conformity with generally accepted accounting principles.

It is our opinion, however, that, subject to the effect of the final determination of the Association's Federal tax status as referred to in Note 4 and subject to the outcome of the pending litigation referred to in Note 6, the Association's financial statements present fairly the financial position of National Flood Insurers Association at June 30, 1974, and the results of its operations and the changes in its financial position for the year then ended, in conformity with statutory accounting practices applied on a basis consistent with that of the preceding year after giving retroactive effect to the elimination, with which we concur, of the liability for Federal income taxes, as explained in Notes 3 and 4 to the financial statements.

Arthur Andersen & Co.

Newark, New Jersey
November 20, 1974

NATIONAL FLOOD INSURERS ASSOCIATIONBALANCE SHEETS -- JUNE 30, 1974 AND 1973 (NOTE 2)

<u>ASSETS</u>	<u>1974</u>	<u>1973</u> <u>(Note 3)</u>
Cash	\$ 880,000	\$ 1,120,000
Certificates of deposit	4,000,000	1,700,000
U. S. Government obligations	15,956,000	8,681,000
Premium balances receivable	2,109,000	564,000
Equalization operating costs receivable -- due from Department of Housing and Urban Development (Note 5)	13,798,000	32,854,000
Accrued interest receivable	29,000	22,000
	-----	-----
	\$36,772,000	\$44,941,000
	=====	=====

LIABILITIES AND MEMBER COMPANY BALANCES

Liabilities:		
Unpaid losses	\$11,665,000	\$24,540,000
Unpaid loss adjustment expenses	1,167,000	2,467,000
Unearned premiums	13,460,000	7,605,000
Accrued expenses-		
Reinsurance premiums	1,323,000	680,000
Amounts due service companies	1,229,000	1,623,000
State premium taxes and board fees	487,000	294,000
Loss drafts payable	342,000	1,872,000
Other	532,000	218,000
Operating balance or operating allowance due (Note 5)-		
Department of Housing and Urban Development	4,416,000	4,427,000
Members	2,065,000	1,131,000
	-----	-----
Total liabilities	\$36,686,000	\$44,857,000
Commitment and contingencies (Notes 4, 6 and 7)		
Member Company balances (Note 4)	86,000	84,000
	-----	-----
	\$36,772,000	\$44,941,000
	=====	=====

The accompanying notes to financial statements are an integral part of these balance sheets.

NATIONAL FLOOD INSURERS ASSOCIATION

STATEMENTS OF INCOME

FOR THE YEARS ENDED JUNE 30, 1974 AND 1973 (NOTE 2)

	<u>1974</u>	<u>1973</u> <u>(Note 3)</u>	
REVENUES:			
Gross premiums written	\$25,777,000	\$15,330,000	
Less- Reinsurance premiums	2,999,000	1,661,000	
	-----	-----	
Net premiums written	\$22,778,000	\$13,669,000	
Increase in unearned premiums	<u>5,855,000</u>	<u>4,769,000</u>	
Net premiums earned	\$16,923,000	\$8,900,000	
Interest income	1,185,000	550,000	
	-----	-----	
	\$18,108,000	\$9,450,000	
	-----	-----	
EXPENSES:			
Equalization operating costs-			
Losses incurred	\$23,764,000	\$32,633,000	
Loss adjustment expenses incurred	2,572,000	3,321,000	
Service fees	3,673,000	2,828,000	
General expenses	926,000	664,000	
	-----	-----	
	\$30,935,000	\$39,446,000	
Less- Equalization operating cost recovery from Department of Housing and Urban Development	<u>27,301,000</u>	<u>34,815,000</u>	\$4,631,000
Commissions	\$ 3,634,000	3,127,000	
State premium taxes and board fees	5,150,000	613,000	
	1,031,000	-----	
	-----	-----	
	\$ 9,815,000	\$8,371,000	
	-----	-----	
Net income (Notes 4 and 5)	\$ 8,293,000	\$1,079,000	
	=====	=====	

The accompanying notes to financial statements are an integral part of these statements.

NATIONAL FLOOD INSURERS ASSOCIATIONSTATEMENTS OF CHANGES IN FINANCIAL POSITIONFOR THE YEARS ENDED JUNE 30, 1974 AND 1973 (NOTE 2)

	<u>1974</u>	<u>1973</u> <u>(Note 3)</u>
CASH PROVIDED (APPLIED):		
Net income	\$ 8,293,000	\$ 1,079,000
Equalization operating costs due from the Department of Housing and Urban Development	19,056,000	(25,370,000)
Unearned premiums	5,855,000	4,769,000
Unpaid loss and loss adjustment expenses	(14,175,000)	19,264,000
Distribution of operating balance to the Department of Housing and Urban Development	(7,015,000)	-
Distribution of operating allowance to members	(355,000)	(279,000)
Certificates of deposit and U. S. Government obligations	(9,575,000)	(2,301,000)
Accrued expenses	(774,000)	3,510,000
Premium balances receivable	(1,545,000)	(274,000)
Accrued interest receivable	(7,000)	8,000
Member company membership fees received	2,000	1,000
	-----	-----
INCREASE (DECREASE) IN CASH	(\$ 240,000)	\$ 407,000
	=====	=====

The accompanying notes to financial statements are an integral part of these statements.

NATIONAL FLOOD INSURERS ASSOCIATIONNOTES TO FINANCIAL STATEMENTS(1) Organization:

National Flood Insurers Association (Association) is a voluntary, unincorporated association of independent insurance companies which began operations on June 5, 1969. The Association was formed to establish and administer a nationwide program of flood insurance pursuant to the National Flood Insurance Act of 1968.

Membership is open to all insurance companies having total assets of at least \$1,000,000 and qualified to engage in the business of flood insurance in any jurisdiction of the United States. Distribution of profits and losses is made in proportion to a member company's share of the total member balance for any one participation year.

The Association operates through 29 servicing carriers across the United States. It is the responsibility of the servicing carriers to promote the flood insurance program, accept business, handle all claims, and submit reports to the Association. For these activities the servicing carriers are paid a service fee averaging \$10 per policy. In addition, servicing carriers are paid allowances to cover unallocated loss adjustment expenses and state premium taxes and board fees. Commissions paid to agents are absorbed by the Association.

The Association is a party to an agreement with the Secretary of Housing and Urban Development (H.U.D.). The agreement provides, among other matters, for reinsurance on an excess of loss basis for business underwritten by the Association and places certain restrictions on the profits which inure to the benefit of the Association's member companies (see Note 5). This agreement may be terminated by either party upon written notice to the other on or before January 31 of any year, and termination, should it eventuate, becomes effective at the end of the Association's accounting period (June 30).

The Association has also entered into a service agreement with Insurance Services Office (ISO) whereby the latter performs the necessary administrative functions for the former, subject to the overall direction of the Association's Executive Committee. The services under this agreement are billed to the Association at ISO's cost. The agreement may be canceled by either party on sixty days' written notice, or at any time by mutual consent.

(2) Accounting policies:

The Association maintains its accounts and prepares its financial statements, except as to form, in conformity with statutory accounting practices. Such practices, to the extent that they apply to the Association's financial statements, conform with generally accepted accounting principles, except for the treatment afforded to acquisition costs as indicated below. The effect of this variance on the accompanying financial statements has not been determined.

The following is a summary of the significant accounting policies and practices employed by the Association-

Investments-

U. S. Government obligations are stated at amortized cost which approximates market. Realized gains or losses on sale or maturity of investments are determined on the basis of specific costs of investments and are credited or charged to income. Interest on investments is taken into income as it is earned.

Premiums and acquisition costs-

Premiums written are taken into income over the terms of the policies to which they relate. Accordingly, unearned premium reserves are established for the portion of premiums written which applies to the unexpired terms of policies in force. Such reserves are calculated by the application of monthly pro rata factors to premiums in force.

Pursuant to statutory accounting practices, however, acquisition costs such as commissions, service fees and state premium taxes and board fees, are charged to operations when they are incurred. To conform with generally accepted accounting principles such costs would be deferred and amortized over the terms of the policies to which they relate.

Losses and loss adjustment expenses-

Losses incurred include provisions for reported losses and for incurred but not reported losses (IBNR). The IBNR provision is calculated on the basis of experience. Loss adjustment expenses are determined on the basis of the Association's member companies' costs.

(3) Prior year's financial statements:

The financial statements as of June 30, 1973, and for the year then ended, have been restated for the matter discussed in Note 4. Those statements, before retroactive adjustments and certain reclassifications to conform to the presentation adopted in 1974, had been examined by other independent public accountants. The opinion of such other accountants was also qualified with regard to the final determination of the Association's liability for Federal income taxes (see Note 4) and the outcome of the pending litigation (see Note 6).

(4) Federal income taxes:

The Association has not recognized any liability for Federal income taxes because its net income will be distributed to its members in the form of operating allowances (see Note 5) or to H.U.D. The Association has applied for a tax exempt ruling at various dates since its inception; however, to date such applications have been denied or withdrawn. The Association has filed Federal income tax returns for all years through June 30, 1973 showing no taxable income and intends to file the 1974 return on the same basis. The return for the year ended June 30, 1972 has been examined by the Internal Revenue Service and has been accepted as filed. However, until an exemption has been obtained or the Federal income tax status otherwise resolved, no final determination of the Association's ultimate liability for Federal income taxes can be made.

A provision for Federal income taxes and the related liability had been reported in the financial statements for all years since inception. Since the Internal Revenue Service has accepted the 1972 return as filed, the liability of approximately \$3,151,000 applicable to the period from inception through June 30, 1973 has been reversed and the prior year's financial statements restated (see Note 3). There has been a corresponding increase in the operating allowance due members and operating balance due H.U.D.

(5) Operating balance due to
Department of Housing
and Urban Development:

Pursuant to the agreement between the Association and the Secretary of Housing and Urban Development, restrictions are applicable to the distribution of net income to H.U.D. and the members. Among others, such restrictions limit to 5% of each year's policyholders premiums the amount which may be allocated to the members in the form of an operating allowance. Amounts in excess of the aforementioned limitation are to be paid to H.U.D. and held in the Treasury of the United States for the payment of future equalization operating costs and operating allowances. If for any accounting period the Association's net income is not sufficient to cover an operating allowance (equal to 5% of policyholders' premiums), funds previously paid to or held in trust for H.U.D. shall be available therefor.

(6) Litigation:

The Association and its member companies, the United States of America and the Secretary of Housing and Urban Development are defendants in a civil action. The action alleges that they negligently failed to make known the availability of flood insurance to citizens of the Commonwealth of Pennsylvania, who as a result suffered uninsured losses as a consequence of the June 1972 and 1973 floods in Pennsylvania. It is alleged that the aggregate damages suffered is \$1 billion.

The District Court granted a motion to dismiss the complaint on July 1, 1974. Pennsylvania has appealed the District Court's decision to the U. S. Court of Appeals. In the opinion of management and legal counsel, the Association should not be subject to any material liability in connection therewith.

(7) Commitment:

The Association has entered into an agreement for the development of a computerized management information system and for the maintenance thereof. This agreement became effective in August 1974, for a term of five years and on a year to year basis thereafter. Management estimates that this system will cost approximately \$16,000,000 over the initial five year term of the agreement.

PRINCIPAL OFFICIALS
OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
AND THE FEDERAL INSURANCE ADMINISTRATION
RESPONSIBLE FOR ADMINISTERING ACTIVITIES
DISCUSSED IN THIS REPORT

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
SECRETARY OF HOUSING AND URBAN DEVELOPMENT:		
Carla A. Hills	Mar. 1975	Present
James T. Lynn	Feb. 1973	Feb. 1975
ADMINISTRATOR, FEDERAL INSURANCE ADMINISTRATION:		
J. Robert Hunter (acting)	Dec. 1974	Present
George K. Bernstein	May 1969	Nov. 1974

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