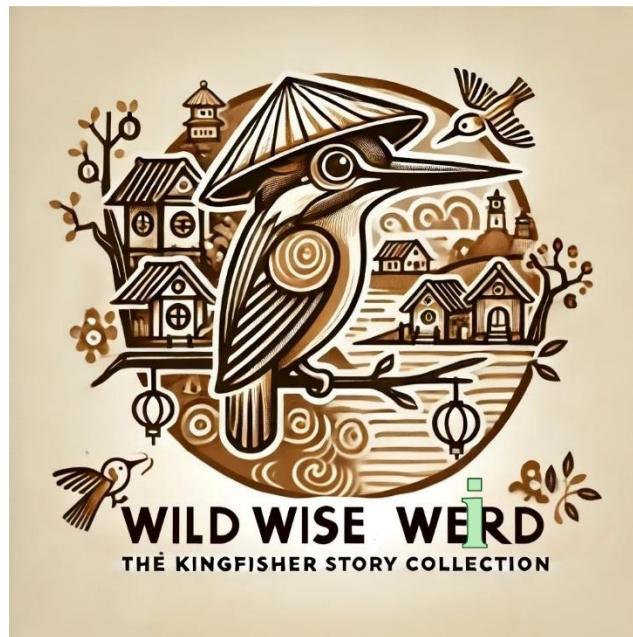


When Safety Nets Backfire: How Flood Insurance Encourages Risky Migration

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“– Wherever there is food, there is freedom! This cage room is my dream. It is here my happiest moment has arrived. I don’t have to sing and can still enjoy delicious food.”

In “Dream”; *Wild Wise Weird* [1]



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The U.S. National Flood Insurance Program (NFIP), originally designed to shield households from the financial burden of flood damage, may unintentionally be drawing people into harm's way. In a recent study, Abigail Peralta and Jonathan B. Scott assess whether access to subsidized flood insurance influences household migration into areas at greater risk of flooding [2].

By leveraging the phased introduction of the Federal Emergency Management Agency (FEMA)'s Flood Insurance Rate Maps (FIRMs)—a key determinant for NFIP eligibility [3]—the researchers identify a causal link between insurance access and residential patterns. Their analysis reveals that NFIP availability led to a 4–5% increase in community population, with even stronger effects in historically flood-prone areas. Specifically, a one standard deviation increase in past flood frequency was associated with an additional 5% growth in population [2].

Crucially, this migration dynamic is driven less by newcomers and more by existing residents who, reassured by subsidized coverage, opt to remain in risky areas rather than relocate. The presence of flood insurance reduces the private cost of flood exposure, encouraging households to accept greater environmental risk.

This behavior illustrates a classic case of “moral hazard”—where risk-taking increases because the potential costs are externalized [4,5]. In this case, subsidized premiums fail to reflect the full societal cost of flood damage, placing a growing burden on taxpayers. Since its inception, the NFIP has paid out over \$51 billion in claims, nearly half of which went to just 25 counties that are among the fastest growing in the U.S. [6].

This study highlights how well-intentioned policies can distort human settlement patterns and hinder climate resilience. By incentivizing residents in flood-prone zones, the NFIP undermines long-term adaptation efforts and amplifies the human and financial costs of natural disasters. The findings underscore a fundamental tension in the nature-human relationship: in seeking security from nature's threats, we may inadvertently deepen our vulnerability [7,8].

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