



Local
Agents
Serving
Main Street
America™

Smartphone
Download:



Issue Paper

National Flood Insurance Program

August 2015

PIA:

- **Supports solutions to eliminate the program's debt and put it on the path of fiscal stability.**
- **Supports sensible options for growing the private flood market, but opposes outright, immediate privatization of the National Flood Insurance Program.**

The National Flood Insurance Program (NFIP) provides an important service to people and places affected by floods. The private insurance industry has been almost entirely unwilling to underwrite flood risk because of the catastrophic nature of these disasters. Therefore, the NFIP is virtually the only way for people to protect themselves against the loss of their homes, property and businesses. PIA strongly supports the NFIP because it offers critical support to those affected by floods and provides the coverage that the private market is unable to insure.

PIA was active during the NFIP's reauthorization in 2012, and we endorsed the reforms in the Biggert-Waters Flood Insurance Reform Act, PL 112-141 (Biggert-Waters). Biggert-Waters was enacted with bipartisan support to put the NFIP on a financially stable track by phasing out subsidies in favor of risk-based rates.

In March 2014, the Homeowner Flood Insurance Affordability Act (H.R. 3370) was signed into law, rolling back many of the reforms in Biggert-Waters. Congress acted out of understandable concern about premium rate hikes that were included in the law. During the process, PIA strongly advocated for the reinstatement of grandfathering and finding sustainable rate relief for flood insurance policyholders by reducing insured losses through common sense mitigation practices. We were pleased that Congress included several mitigation-related provisions we recommended, including accounting for flood mitigation activities in estimates of premium rates and instructing the Federal Emergency Management Agency (FEMA) to create guidelines for property owners that provide alternative methods of mitigation, other than building elevation, to reduce flood risk to residential buildings.

However, PIA remains concerned that delaying risk-based rates, while providing much-needed relief for many homeowners, does not address the underlying long-term problems of adequate rates and affordability. Underlying problems in the NFIP will need to be addressed in the future because of the considerable debt of the program, currently \$24 billion.

PIA supports legislative solutions to create sensible options for growing the private market, such as by supporting the Flood Insurance Market Parity and Modernization Act (S. 1679/ H.R. 2901). The bipartisan legislation seeks to encourage the development of a private flood insurance market with strong consumer protections that is overseen by state insurance regulators and satisfies the NFIP continuous coverage requirements.

In 2015, PIA will continue to work with FEMA and Congress to support solutions to eliminate the NFIP's debt and put the program on a path to fiscal stability ahead of 2017, when the program is up for reauthorization.

For additional information on this issue, please contact PIA's federal affairs department or visit www.pianet.com/issues-of-focus/flood.

National Association of Professional Insurance Agents (PIA)

PIA Federal Affairs • 400 North Washington St., Alexandria, VA 22314-2353 • Phone: (703) 836-9340 • Fax: (703) 836-1279

PIA email: gov@pianet.org • PIA website: <http://www.pianet.com>