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November 13, 2017

The Honorable Paul Ryan
Speaker of the House
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

Dear Speaker Ryan and Minority Leader Pelosi:

On behalf of the National Association of Professional Insurance Agents (PIA National)¹, I write to express our opposition to H.R. 2874, the 21st Century Flood Reform Act, which is set to be considered in the House this week.

H.R. 2874 includes some important reforms to the National Flood Insurance Program (NFIP), as well as a provision to incentivize the growth of the private flood market, which we strongly support. Unfortunately, as an independent insurance agent association, we strongly oppose the bill, as it contains a provision that will push independent insurance agents out of selling NFIP policies, which will hurt consumers, agents, and the program going forward.

Specifically, the bill cuts the Write-Your-Own (WYO) reimbursement rate paid to insurance companies that participate in the NFIP by 3 percentage points. The WYO reimbursement rate is the vehicle by which agents receive their commissions for selling NFIP policies. Many WYO carriers have stated that, for them to remain in the program, they will pass on the cut to agents through their commissions.

Such cuts will force agents who currently sell flood insurance to leave the program, and it will discourage agents from entering the NFIP policy market. This will ultimately hurt the program and leave many policyholders without the expert guidance they need to navigate the complex NFIP.

In the aftermath of the devastation wrought by Hurricanes Harvey, Irma, and Maria, it is unacceptable to include a provision making it less likely that homeowners will purchase flood insurance by undermining the NFIP's strongest asset—its sales force.

PIA urges members to vote no on H.R. 2874 or any other legislation that cuts the WYO rate and does not include a strong and robust protection for agent compensation.

If we can be of any additional assistance, please contact Jon Gentile, PIA National vice president of government relations, at jonge@pianet.org.

Sincerely,

Mike Becker
Executive Vice President and CEO
PIA National

¹ PIA National represents independent insurance agents in all 50 states, Puerto Rico, and the District of Columbia.