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June 15, 2018

Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, D.C. 20510

Honorable Chuck Schumer
Minority Leader
United States Senate
Washington, D.C. 20510

Honorable Mike Crapo
Chairman
U.S. Senate Banking Committee
Washington, D.C. 20510

Honorable Sherrod Brown
Ranking Member
U.S. Senate Banking Committee
Washington, D.C. 20510

Dear Sens. McConnell, Schumer, Crapo, and Brown:

On behalf of the National Association of Professional Insurance Agents (PIA National)¹, I write to respectfully ask that the Senate move quickly on legislation to provide a long-term reauthorization of the National Flood Insurance Program (NFIP).

We encourage the Senate to act soon on legislation, rather than risk the program lapsing after its July 31 deadline in the middle of hurricane season. Any reauthorization of the NFIP should contain improvements to the program but take care not to include provisions that would have unintended negative consequences.

PIA strongly cautions against including provisions that will lessen the likelihood that homeowners and businessowners will purchase NFIP policies. Namely, PIA opposes any provision that would cut the Write-Your-Own (WYO) reimbursement rate without a strong protection for agent compensation, because WYO companies have alerted us that any decrease in the WYO reimbursement rate will very likely be passed on to agents as commission cuts. Any provision that leads to a decrease in agent commissions will discourage independent agents from participating in the program, thereby depressing sales, and will have the unintended consequence of decreasing consumer participation in the NFIP.

This result would be completely at odds with the reality that the NFIP needs more, not fewer, policies in force to fiscally strengthen it. In addition, provisions that minimize the value of agents could thwart FEMA's ambitious goal of doubling the number of policies in force by 2022. In the aftermath of the devastation wrought by Hurricanes Harvey, Irma, and Maria last year, it is counterproductive to include a provision that undermines the NFIP's sales force and makes it less likely that homeowners will purchase flood insurance.

Over the past year, the House and Senate have considered several different pieces of legislation; within those bills are the building blocks of a comprehensive reauthorization of this program. During this

¹ PIA is a national trade association founded in 1931, which represents member insurance agents in all 50 states, Puerto Rico, Guam, and the District of Columbia. PIA members are small business owners and insurance professionals.

ongoing process, PIA National will continue to advocate for the issues below to be included. This list is not exhaustive, but we commend these specific provisions to your attention.

- **A long-term reauthorization** of the program will ensure stability for consumers and allow improvements to be made. A short reauthorization will not allow reforms to be made in a considered manner.
- **Growth in the private flood insurance market will be cultivated by including a provision that is similar to the Flood Insurance Market Parity and Modernization Act (S. 563) in any reauthorization.** PIA views this as a complement to the NFIP to offer options to homeowners and businessowners, while retaining vital consumer protections.
- **Homeowners should be rewarded for taking actions to mitigate their homes** and should be provided with mitigation incentives, like disaster savings accounts.
- **An overhaul of the flood mapping process** will allow for the use of more precise risk-assessment tools to determine premiums.
- **The program's debt** (largely due to the 2005 hurricane season and 2012's Superstorm Sandy) **should be forgiven.** The NFIP will never be viable without this nearly \$25 billion weight lifted.
- **The gradual movement to risk-based rates** will make the program more financially sound. Any increase in rates should be gradual and realistic for families who are not wealthy; studies have shown that most of the people who live in flood-prone areas and do not have flood insurance are low- or middle-class.
- **Continued grandfathering of rates** will permit properties to be transferred between owners without coverage disruption or surprise.
- **Consumer friendly provisions** like but not limited to: allowing policyholders to purchase additional increased cost of compliance (ICC) coverage to encourage pre-flood mitigation; including post-Sandy claim remedies, including changes to proof of loss and notice of damage deadlines; and allowing an appeals process if the Federal Emergency Management Agency denies requests to update a flood map. Many of these items will benefit consumers and strengthen the future viability of the program.

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