

July 17, 2019

The Honorable Michael Crapo
Chairman
U.S. Senate Committee on Banking,
Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member
U.S. Senate Committee on Banking,
Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

RE: National Flood Insurance Program (NFIP) Reauthorization

Dear Chairman Crapo and Ranking Member Brown:

The undersigned organizations representing flood risk management, environmental, scientific, public safety, housing and consumer interests are writing to express our strong support for a robust National Flood Insurance Program (NFIP), and urge Congress to move forward on much-needed reforms to strengthen this vital program, ensuring it continues to aid and protect people and property for years to come.

Given the recent Committee passage of the House Financial Services Committee NFIP reform bill, [H.R. 3167](#), the National Flood Insurance Program (NFIP) Reauthorization Act of 2019, the devastating spring floods, and the imminent September 30th deadline for Congress to reauthorize the NFIP, we respectfully urge you to move forward on a Senate bill.

Doing far more than simply providing insurance, the NFIP serves as a key foundation of the nation's major flood risk management strategy. Reforms to NFIP flood mapping, mitigation, floodplain management and insurance must be made based on lessons learned from the many catastrophic flooding events of the past several years and the latest science, so that the benefits of each of these critical program elements are strengthened, and not undercut.

The U.S. Government Accountability Office (GAO) 2019 High Risk List [report](#) includes NFIP because Congress *"has yet to enact reforms related to the six areas we identified in April 2017 (program debt, full-risk-rates, affordability, consumer participation, private-sector involvement, and flood mitigation)."*

We acknowledge that H.R. 3167 contains many positive reform elements but believe some of the reforms must be improved to ensure this reauthorization comprehensively addresses the outstanding needs outlined in the GAO 2019 High Risk List. These include:

- **Better addressing how to deal with repetitive loss properties;**
- **Making sure that risk-based rates are phased in to put the program on a more financially and actuarially-sound footing;**
- **Ensuring robust affordability provisions for low- and fixed-income households based on FEMA's 2018 Affordability Framework and reports from the National Academy of Sciences;**
and

- **Better reflecting and incorporating growing flood risks due to extreme weather events, effects of development, and anticipated future conditions.**

Outstanding elements not included in the House bill, and remaining to be addressed include:

- FEMA's debt to the US Treasury: [FEMA's outstanding debt](#) to the US Treasury is \$20.5 billion. Since Hurricane Katrina FEMA has paid \$4.2 billion in interest and continues to pay about \$400 million annually -- which could otherwise be used to pay claims or fund mitigation. A provision to forgive the debt must only happen in concert with critical program reforms that ensure a sounder financial footing while also communicating the actual flood risk to a property.
- Private insurance fee: A private insurance fee provision is needed to ensure that the private insurance sector helps to sustain the multiple flood risk management functions of the NFIP to help support mapping and floodplain management measures.
- 'Discretionary acceptance' rule: The recent lender regulators Discretionary Acceptance Rule bypasses current law so that basic consumer and public benefits of the NFIP would not be reflected in private flood policies. The rule circumvents current NFIP consumer protections from excessive deductibles and the requirement for coverage to meet current codes after disasters. Congress should address the implications of this new rule to ensure that there are basic consumer and public protections in all flood policies, including private flood insurance.

We stand ready to work with you to create long-lasting reforms to NFIP that are in the best interest of the impacted communities, including low- and fixed-income households and historically disadvantaged communities, which often have fewer options and resources to cope after flood events, as well as the American taxpayer. To this end, we have attached our flood alliance priorities and we look forward to discussing them with you in more detail.

Thank you for your consideration of our recommendations and please let us know how we can be a resource. You may contact Merrie Inderfurth with the Association of State Floodplain Managers at merrie@floods.org or Todd Wolf with the Union of Concerned Scientists at twolf@ucsusa.org to follow-up or answer questions about this letter.

Respectfully,

Association of State Floodplain Managers
Association of State Wetland Managers
Consumer Mortgage Coalition
Enterprise Community Partners, Inc.
Southern Environmental Law Center
Union of Concerned Scientists

CC: Majority Leader McConnell; Minority Leader Schumer

National Flood Insurance Program Reform Priorities

Supported by: American Rivers, Association of State Flood Plain Managers, Association of State Wetland Managers, Consumer Mortgage Coalition, The Nature Conservancy, Natural Resources Defense Council, Enterprise Community Partners, Pew Charitable Trusts, Southern Environmental Law Center, Union of Concerned Scientists

- Dramatically increase investment in pre-flood mitigation, with improvements in the Increased Cost of Compliance program and creation of a new state revolving loan program, and enhance incentives for the use of nature-based infrastructure approaches.
- Ensure that expansion of private sector flood insurance works in concert with the nation's comprehensive flood risk management framework, with private insurers paying appropriate policy fees to support floodplain mapping and management.
- Address affordability with significant increases in pre-flood mitigation assistance targeted to property owners of limited means who have been repeatedly impacted by floods.
- Lower future NFIP losses and protect taxpayer resources with priority attention and funding to areas that have been repeatedly flooded.
- Improve public understanding of flood risk with enhanced disclosure to potential buyers and renters and publicly accessible information on the geography of flood losses.
- Reauthorize, fund, and enhance the National Flood Mapping Program.
- Ensure the expansion of private flood insurance comes with protections to consumers, lenders and communities and contributes to the goals of the program.