September 15, 2025

The Honorable Bill Cassidy
United States Senator
455 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Cory Booker
United States Senator
306 Hart Senate Office Building
Washington, DC 20510

Re: Request for Information on National Flood Insurance Program (NFIP) Reauthorization and Reform

Dear Senators Cassidy and Booker:

On behalf of the National Association of Insurance Commissioners (NAIC)[1], we appreciate the opportunity to provide comments in response to your Request for Information (RFI) on reauthorization and reform of the National Flood Insurance Program (NFIP).[2] As the primary regulators of the U.S. insurance industry, state insurance departments play a critical role in protecting consumers, supporting resilient communities, and ensuring strong and stable insurance markets. Flood risk presents unique challenges, and the NFIP remains a cornerstone for homeowners, lenders, and communities across the country.

For decades, state insurance regulators have worked closely with the Federal Emergency Management Agency (FEMA), Congress, and the private sector to improve access to flood insurance, promote homeowner and infrastructure resilience, and protect taxpayers. This work is captured, in part, in the NAIC's *National Climate Resilience Strategy for Insurance* (the *Resilience Strategy*), which outlines five priority actions for regulators and stakeholders to strengthen pre- and post-disaster consumer resilience from floods and other perils and to close protection gaps.[3]

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[1] As part of our state-based system of insurance regulation in the United States, the NAIC provides expertise, data, and analysis for insurance commissioners to effectively regulate the industry and protect consumers. The U.S. standard setting organization is governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer reviews, and coordinate regulatory oversight. NAIC staff supports these efforts and represents the collective views of state regulators domestically and internationally. For more information, visit www.naic.org.

[2] *S. Cassidy & C. Booker,* Request for Information: National Flood Insurance Program Reauthorization and Reform (Aug. 15, 2025), https://www.cassidy.senate.gov/wp-content/uploads/2025/08/Cassidy_Booker_RFI_NFIP.pdf.

[3] Nat'l Ass'n of Ins. Comm'rs, *National Climate Resilience Strategy for Insurance* (Mar. 2024), https://content.naic.org/sites/default/files/national-climate-resilience-strategy.pdf.

These deliverables include, among other things, improving data collection to identify coverage gaps, developing a blueprint for the future of flood insurance, leveraging catastrophe modeling, creating new resilience tools, and advocating for pre-disaster mitigation funding—efforts that together reinforce state regulators' and the NAIC's commitment to stable, accessible, and forward-looking flood protection for consumers and communities.

For almost a decade, NAIC members have been advocating for targeted NFIP reform principles. As Congress considers the future of the NFIP, we urge action on four critical priorities that align with our *Resilience Strategy*: (1) reauthorize the NFIP for a minimum of 10 years to reduce market uncertainty; (2) foster responsible growth in the private flood insurance market to supplement the NFIP; (3) advance state-led resilience and mitigation initiatives; and (4) collaborate with state insurance regulators to protect consumers.

Support Long-Term Reauthorization to Provide Program Stability

In many states, the NFIP is the only source of flood coverage available. The NAIC has consistently supported a long-term reauthorization of the NFIP to provide stability for consumers, insurance markets, lenders, and communities investing in resilient infrastructure and effective mitigation.[4] Such an extension should be for a minimum of ten years. Continued reliance on short-term extensions undermines consumers' ability to plan ahead, especially given that most flood insurance policies do not take effect until 30 days after purchase.

Encourage Growth of a Responsible Private Flood Insurance Market

The private flood insurance market can and should grow alongside the NFIP, giving consumers more options while reducing taxpayer exposure to catastrophic risk. Although the number of NFIP policies increased 0.2% (54,149) overall from March 2024 to March 2025, NFIP is growing at a slower rate than the private flood insurance market and the flood insurance market as a whole is relatively flat.[5] This may point to a further widening of the coverage gap and the need to prioritize growing the private market to assist consumers.

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[4] *See* Nat'l Ass'n of Ins. Comm'rs, *National Flood Insurance Program Reauthorization*, May 2025, https://content.naic.org/sites/default/files/nationalfloodinsuranceprogramreauthorization.pdf; *see also* Nat'l Ass'n of Ins. Comm'rs, *Letter to Congress on NFIP Reauthorization*, September 2024, https://content.naic.org/sites/default/files/naic-letter-gov-affiars-nifp-reauthorzation-letter.pdf.

[5] *See* Nat'l Ass'n of Ins. Comm'rs, Private Flood Insurance Data Call: State Summary (NAIC Tableau Dashboard), https://tableau.naic.org/views/PFloodDataCall_17243464446170/StateSummary?%3Aembed=y&%3Aiid=1&%3AisGuestRedirectFromVizportal=y.

To make this vision a reality, private policies must be recognized for continuous coverage, ensuring that consumers can return to the NFIP without penalty. Currently, if an NFIP policy holder lets an NFIP policy lapse, by either not paying premium or going to a private flood insurer, any subsidy the NFIP policyholder would have received is immediately eliminated. NFIP policyholders should also be allowed to cancel mid-term and receive prorated refunds when moving to a private policy, creating a seamless transition that encourages responsible private participation.[6]

Congress can further strengthen the private market by directing FEMA to share NFIP data, including claims history, elevation, and mapping information, with state insurance regulators, insurers, modelers, advisory, statistical, and ratings organizations.[7] Access to this information will enable accurate risk assessment, pricing, and underwriting, which in turn promotes market stability and consumer protection.

FEMA should also continue to evolve NFIP training requirements for insurance producers, in close consultation with state insurance regulators, who are tasked with licensing producers who sell NFIP policies. This will ensure that any NFIP training is accurate and consistent regarding the existence and availability of private flood insurance.

Additionally, prior restrictions that previously prevented Write Your Own (WYO) companies from offering private flood insurance outside of the NFIP should be *legislatively* lifted, continuing the trend of expanding competition and innovation.[8] Although FEMA dropped its non-compete clause in 2018, which allows WYO companies to sell NFIP policies, it could regulatorily reverse course.[9] Therefore, it is important to legislate that WYOs can offer private flood insurance in order to continue growing the private flood insurance market.

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[6] *See* Written Testimony of Andrew N. Mais, NAIC President, Before the H. Comm. on Fin. Servs., Hearing on Insurance Underwriting in 2021 (May 26, 2021) at 4 (supporting pro-rata refunds for NFIP policyholders moving to private flood), *available at* https://content.naic.org/sites/default/files/government-affairs-testimony-210504-mais-testimony-housing-climate-resilience.pdf.

[7] *See* Letter from NAIC to Congressional Leaders re: NFIP Reauthorization (Oct. 31, 2017), (urging NFIP data sharing and mapping transparency), *available at* https://content.naic.org/sites/default/files/government-affairs-testimony-letter-nfip-reauthorization.pdf.

[8] *See* NAIC Property & Casualty (C) Committee, *NFIP Issues Update* (Nov. 6, 2019), https://content.naic.org/sites/default/files/national_meeting/Property%20and%20Casualty%20Insurance%20%28C%29%20Committee%20-%202019%20Fall%20National%20Meeting.pdf.

[9] Previously, WYO companies were not permitted to directly sell standalone private flood insurance—they had to sell flood via an affiliated company or as part of a multiline product. Under the 2018 changes, WYOs are still prohibited from using NFIP resources or funds to sell private products, but they are no longer prohibited from directly selling standalone private flood insurance.

Finally, to strengthen the nation's financial resilience to flooding, Congress should encourage a coordinated effort between the public and private sectors to increase overall take-up rates of flood insurance. Greater collaboration will expand opportunities to educate consumers about their coverage options, ensuring that families understand both the NFIP and private market solutions available to them. At the same time, improving compliance with the federal mandatory purchase requirement is critical to protecting households and lenders in designated flood zones, while also encouraging families and businesses outside of special flood hazard areas to secure coverage against increasingly frequent and severe flood events. By promoting consumer awareness and facilitating broader participation in the flood insurance market, Congress can help close persistent protection gaps, reduce disaster recovery costs, and enhance the long-term stability of communities nationwide.

Together, these measures will help enhance consumer choice, foster a robust private flood insurance market, and ensure taxpayer resources are most efficiently utilized.

Protecting Consumers and Balancing Actuarial Soundness with Increased Prices

As part of the broader interplay between NFIP and the growing private flood market as well as an accurate price signal to consumers making one of the most important decisions in their lives – where to buy a home – it is important that NFIP continue to align actuarially sound pricing to risk. Increased transparency, to all stakeholders, regarding FEMA's decision-making process for developing and updating flood maps and rate making will provide the market and consumers with better information to make decisions.

Although Risk Rating 2.0 has continued to improve risk and rate alignment it has also created affordability pressures in some communities. For example, the GAO found that by December 2022, the median NFIP premium rose from $689 to $1,288, with nearly 10% facing premium increases over 300%.[10] To address these challenges, Congress could explore targeted affordability assistance for policyholders facing steep premium increases coupled with continued support for rate reform to match risk, support state consumer education campaigns to improve take-up outside of Special Flood Hazard Areas, and coordinate messaging among FEMA, states, and private insurers to reduce confusion and close the protection gap.[11] [12]

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[10] U.S. Gov't Accountability Off., *Flood Insurance: FEMA's New Rate-Setting Methodology Improves Actuarial Soundness but Highlights Need for Broader Program Reform*, GAO-23-105977 (July 31, 2023), https://www.gao.gov/assets/gao-23-105977.pdf.

[11] Nat'l Ass'n of Ins. Comm'rs, *National Climate Resilience Strategy for Insurance* (Mar. 2024) at 6, https://content.naic.org/sites/default/files/national-climate-resilience-strategy.pdf.

[12] *E.g.* the Bipartisan READY Accounts Act (H.R. 440) (creating a tax-free savings account (like an HSA) for home mitigation and disaster response costs, offering tax deductions on contributions and exempting growth, to reduce disaster recovery expenses, encourage preparedness, and lower

Expand Support for State Led Mitigation and Resilience Efforts

In order to ensure long term community resilience and utilize taxpayer money most efficiently, the Congress, FEMA, and NFIP should do more to strengthen property-level and community-level mitigation, ensuring that investments made today reduce future disaster costs and protect families.[13] State regulators have long encouraged insurers to offer premium discounts and rate reductions for consumers who build, rebuild, or retrofit their homes to better withstand flooding and severe weather.[14] Federal tax-preferred savings mechanisms[15] could further help families prepare for and recover from disasters, while federal programs like FEMA's Building

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insurance premiums); the Bipartisan Flood Insurance Affordability Tax Credit Act (S. 586) (providing a 33% refundable tax credit to low- and middle-income NFIP policyholders to offset rising premiums and directs Treasury to establish a program for advanced premium payments through direct IRS-to-FEMA transfers); the Bicameral, Bipartisan Flood Insurance Relief Act (S. 4143/H.R. 8102) 118th Cong. (2024) (allowing an above-the-line tax deduction for NFIP and private flood insurance premiums, limited to taxpayers with adjusted gross incomes below $200,000, or $400,000 for joint filers); and the Bipartisan FLOAT Act (H.R. 10004) 118th Cong. (2024) (providing a tax deduction of up to $1,000 for flood insurance premiums on primary residences, phasing out by $50 per $1 million in income above $400,000 for joint filers or $200,000 for individuals). *See* Nat'l Ass'n of Ins. Comm'rs, *Strengthen Insurance Markets Through Disaster Mitigation* (2025), https://content.naic.org/sites/default/files/government-affairs-fly-in-2025-mitigation-bills.pdf.

[13] *E.g.* the Bipartisan, Bicameral Disaster Mitigation and Tax Parity Act of 2025 (S. 336 / H.R. 1849) (exempting from federal income tax any qualified catastrophe mitigation payments, including for flood mitigation); and the Bipartisan Disaster Resiliency and Coverage Act of 2025 (H.R. 1105) (establishing a federal disaster mitigation grant program to provide households in disaster-prone areas up to $10,000 for mitigation projects, excluding state disaster mitigation grants from federal income tax, and offering a 30% tax credit for qualified risk reduction activities). *Id.*

[14] *See* Nat'l Ass'n of Ins. Comm'rs, *Letter Responding to HUD Request for Information on Resilience Measures and Insurance Coverage* (Feb. 28, 2025), https://content.naic.org/sites/default/files/government-affairs-letters-request-information-resilience-measures-insurance-coverage.pdf (highlighting state led resilience efforts by Alabama, California, Florida, Kentucky, Louisiana, Maine, Minnesota, Mississippi, North Carolina, Oklahoma, Texas, and more).

[15] *E.g.* the Bipartisan FIREWALL Act (S. 1323) (providing a refundable federal tax credit of up to $25,000 (covering 50% of eligible costs) for households earning under $200,000 per year (phasing out at $300,000) to fortify their homes against natural disasters, including flood, using stormwater barriers and other methods); the Restoring Competitive Property Insurance Availability Act (H.R. 1070) (offering insurers tax deductions on income earned in disaster-affected areas for five years following a federally declared disaster); the Bicameral, Bipartisan Shelter Act (S. 2106/H.R. 4305) 118th Cong. (2023) (providing a 25% federal tax credit (up to $2,500 per taxpayer) for qualifying disaster mitigation expenses to encourage homeowners and small businesses to invest in protective measures such as strengthening roofs, elevating housing units, and wildfire mitigation); and the Disaster Assistance Simplification Act (S. 1528) 118th Cong. (2023) (creating a unified disaster assistance system with a universal application across federal agencies to reduce the burdens on survivors, simplify aid access, ensure timely recovery, and improve efficiency and equity). *Id.*

Resilient Infrastructure and Communities (BRIC) initiative remain critical in supporting resilience at scale.[16] We also encourage Congress to ensure state resilience grants receive equal treatment to federal grants for any tax-preferred savings or credits.[17] This would provide consistency and clear incentives for families to participate in mitigation and resilience programs. Furthermore, sustained funding of FEMA programs, such as the Building Resilient Infrastructure and Communities (BRIC) program, work hand in hand with state–led resilience work and reduce future disaster costs.

Successful state initiatives already demonstrate the value of these investments. The Strengthen Alabama Homes program and the Insurance Institute for Business & Home Safety's (IBHS) FORTIFIED initiative have produced more than 53,000 homes built to higher resilience standards, with analysis of Hurricane Sally confirming that FORTIFIED homes performed significantly better than comparable code-built structures.[18] [19] In Minnesota, the new Strengthen Minnesota Homes program offers grants to retrofit roofs to IBHS FORTIFIED Roof standards, cutting hail and wind damage by up to 60 percent and earning homeowners valuable insurance premium discounts.[20] Additionally, Connecticut, Kentucky, Maine, Oklahoma, South Carolina, working with the NAIC, are all in different stages of standing up wind and flood resilience and education programs. And following Hurricane Helene, state insurance regulators emphasized the need for consumer education around inland flooding risks and deductibles, underscoring that resilience requires not only stronger homes but also better-informed communities.[21] These examples show that targeted, sustained mitigation efforts

[16] *See* Nat'l Ass'n of Ins. Comm'rs, *National Climate Resilience Strategy for Insurance* at 7–8 (Mar. 2024), https://content.naic.org/sites/default/files/national-climate-resilience-strategy.pdf.

[17] Nat'l Ass'n of Ins. Comm'rs, *Strengthen Insurance Markets Through Disaster Mitigation* (May 2025), https://content.naic.org/sites/default/files/government-affairs-fly-in-2025-mitigation-bills.pdf.

[18] *Performance of IBHS FORTIFIED Home Construction in Hurricane Sally* (May 5, 2025), Alabama Department of Insurance and the University of Alabama's Center for Risk and Insurance Research, https://aldoi.gov/pdf/news/performanceibhsfortifiedhomeconstructionhurricanesally.pdf.

[19] Ala. Dep't of Ins., *Strengthen Alabama Homes Program Update*, NAIC Climate & Resiliency (EX) Task Force Meeting (Aug. 11, 2025), in *CRTF Revised Materials* (Aug. 11, 2025), https://content.naic.org/sites/default/files/national_meeting/081125-materials-crtf-revised%2001.pdf.

[20] Minnesota Department of Commerce, *Strengthen Minnesota Homes Grant Program* (2023–2024), available at Minnesota Department of Commerce: "up to 60% reduction in hail and wind damage" and premium discounts, https://mn.gov/commerce/energy/consumer/energy-programs/strengthen-mn-homes.jsp#:~:text=The%20Strengthen%20Minnesota%20Homes%20program,as%20high%20wind%20and%20hail.

[21] *See e.g.* S.C. Dep't of Ins., *Hurricane Helene Claims & Response* (Michael Wise, presenter), NAIC Climate & Resiliency (EX) Task Force Meeting (Aug. 11, 2025), in *CRTF Revised Materials* (Aug. 11, 2025), https://content.naic.org/sites/default/files/national_meeting/081125-materials-crtf-revised%2001.pdf.

measurably reduce losses, ease the burden on taxpayers, and provide families with greater security in the face of increasingly severe natural disasters.

Conclusion

Finally, Congress should consider commissioning a comprehensive study on alternative approaches to the structure of the National Flood Insurance Program. Such a study could explore options including, but not limited to, transitioning the NFIP into a residual market or establishing a flood reinsurance backstop, while also addressing the program's outstanding debt. Importantly, the assessment should evaluate the potential impacts of these changes on affordability and availability of coverage, the federal budget, taxpayer exposure, and the overall flood insurance marketplace. By examining these options carefully, Congress can ensure that any reforms strengthen the program's financial sustainability, enhance consumer protection, and maintain a resilient and competitive flood insurance market while enhancing the resilience of the American taxpayer and community.

Overall, in reforming the NFIP, we urge federal policy makers to take inspiration from the state-level actions and the NAIC's centralized resources to support regulators and consumers. For example, the NAIC Catastrophe Risk Management Center of Excellence provides regulators with tools to evaluate catastrophe models and ensure pricing accuracy.[22] Our Disaster Preparedness Guide and Resilience Hub compiles best practices and consumer education materials.[23] The Climate & Resiliency (EX) Task Force continues to coordinate regulatory efforts on climate risk, solvency stress testing, and resilience planning.[24]

The NAIC appreciates the opportunity to share these perspectives and to reaffirm our members' commitment to ensuring that American citizens have access to flood insurance. State regulators are uniquely positioned to provide on-the-ground expertise, protect consumers, and strengthen flood resilience in partnership with federal agencies. We look forward to working with you and your colleagues on a comprehensive, bipartisan reauthorization of the NFIP that protects consumers, promotes mitigation, and safeguards taxpayers.

Sincerely,

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[22] Nat'l Ass'n of Ins. Comm'rs, *Catastrophe Modeling Center of Excellence Overview* (2025), https://content.naic.org/research/catastrophe-modeling-center-of-excellence.

[23] Nat'l Ass'n of Ins. Comm'rs, *Climate Risk and Resiliency Resource Center*, https://content.naic.org/climate-resiliency-resource.htm.

[24] Nat'l Ass'n of Ins. Comm'rs, *Draft Disaster Preparedness Guide* (July 31, 2025), in *CRTF Revised Materials* (Aug. 11, 2025), https://content.naic.org/sites/default/files/national_meeting/081125-materials-crtf-revised%2001.pdf.

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