

May 22, 2018

The Honorable Paul Ryan
Speaker
U.S. House of Representatives
Washington, DC 20515

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

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Charles Schumer
Minority Leader
United States Senate
Washington, DC 20510

Re: National Flood Insurance Program Reauthorization

Dear Speaker Ryan, Minority Leader Pelosi, Leader McConnell, and Minority Leader Schumer:

On behalf of the National Association of Insurance Commissioners (NAIC)¹, we write to urge prompt action on a long-term reauthorization and reform of the National Flood Insurance Program (NFIP) before it expires on July 31st.

We appreciate the House's efforts to pass a bill last November and encourage both chambers to work together expeditiously to finalize a reauthorization bill. A continuation of temporary extensions will impair consumers' ability to plan ahead, particularly when considering that most flood insurance policies don't take effect until 30 days after purchase. With the hurricane season starting soon, a long-term extension will help provide certainty for property owners in their efforts to prepare for flood disasters. State insurance regulators stand ready to assist you in tackling the challenges of NFIP reauthorization and reform.

We also encourage Congress to utilize NFIP reauthorization as an opportunity to facilitate greater growth in the private flood insurance market to help provide consumers with additional choices for flood insurance products. We urge the inclusion of the Flood Insurance Market Parity and Modernization Act (H.R. 1422/S. 563) in any final reauthorization legislation. This bill clarifies state insurance regulators' authority over private flood insurance and provides a clear definition of private flood to remove the confusing language in current law to help prompt more insurers to enter the market if they are willing. Over time, this additional competition and shift of risk from a federal program to the private market could help lessen the exposure of U.S. taxpayers to the types of catastrophic flood losses that now reside as unpaid debt on the NFIP's books. The bill also ensures that private flood insurance meets the continuous coverage requirement so policyholders have a choice to return to the NFIP without penalty, including not losing any subsidy they previously had with the NFIP. Congress should

¹ Founded in 1871, the NAIC is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and the five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight. NAIC members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the U.S.

also encourage FEMA to share its NFIP data with state insurance regulators and insurers to provide meaningful statistical information to help the private market be able to accurately assess flood risks.

It is also imperative that reauthorization legislation include measures to encourage investment in prevention and preparedness to help minimize the impact of flood damage and economic loss. We support the inclusion of mitigation discounts, such as premium discounts or insurance rate reductions to persons who build, rebuild, or retrofit their properties to better resist flood events, and allowing individuals to set aside funds in a tax-preferred savings account for disaster mitigation and recovery expenses. We also appreciate legislative efforts to develop strategies to help reduce the number and vulnerability of repetitive loss properties. These actions along with building and maintaining structures that incorporate mitigation strategies have the potential to reduce future program losses and improve the financial condition of the program.

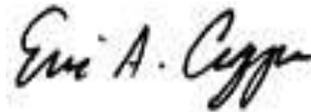
Finally, we support legislative reforms to ensure accurate flood mapping. FEMA needs to provide increased transparency regarding its decision making processes for developing and updating its flood maps and its approach to rate making so that policyholders understand their current flood risk. Any reauthorization legislation should include strategies to increase flood insurance take up rates, including facilitating opportunities to educate consumers about flood insurance policy options, and encouraging the purchase of flood insurance for those outside of special flood hazard areas.

We look forward to working with you to ensure prompt passage of long-term flood insurance reauthorization and reform legislation.

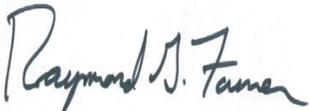
Sincerely,



Julie Mix McPeak
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