

July 6, 2020

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

The Honorable Kevin McCarthy  
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 (NFIP) Reauthorization**

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

While our country has been understandably focused on the response to the Coronavirus Disease 2019 (COVID-19) pandemic, it is also anticipated that 2020 will be a historically active hurricane season with the potential to exacerbate the economic hardships the country is currently experiencing from COVID-19. With that in mind, on behalf of the National Association of Insurance Commissioners (NAIC)<sup>1</sup>, we write to urge Congressional action on a long-term reauthorization of the NFIP before it expires on September 30, 2020.

With the hurricane season already underway, a long-term extension will help provide certainty for policyholders in their efforts to prepare for flood disasters. A continuation of temporary extensions will only impair consumers' ability to plan ahead, particularly when considering that most flood insurance policies do not take effect until 30 days after purchase.

We would 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. 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. It is also critical to ensure 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 as is proposed in H.R. 1666.

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. It is estimated that for every dollar

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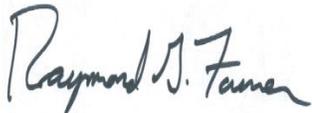
<sup>1</sup> As part of our state-based system of insurance regulation in the United States, the NAIC provides expertise, data, and analysis for insurance commissioners to effectively regulate the industry and protect consumers. The U.S. standard-setting organization is governed by the chief insurance 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](http://www.naic.org).

we invest in mitigating against future natural hazards like flooding we save six dollars.<sup>2</sup> 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 urge the inclusion of the Catastrophe Loss Mitigation Incentive and Tax Parity Act (H.R. 5494) in any final legislation, which would ensure that state-based disaster mitigation grants receive the same federal tax exemptions as federal mitigation grants and help provide greater incentives for homeowners to take action to protect their homes from natural disasters. 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.

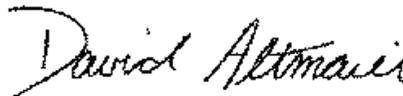
Finally, we support legislative reforms to ensure accurate flood mapping. FEMA needs to provide increased transparency regarding its decision-making processes for developing and updating its flood maps and its approach to rate making so that policyholders understand their current flood risk. Any reauthorization 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.

Thank you for your attention to this important issue and we look forward to working with you to ensure prompt passage of a long-term flood NFIP reauthorization legislation.

Sincerely,



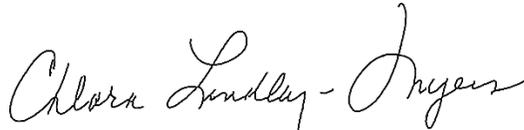
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NAIC President  
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Chlora Lindley-Myers  
NAIC Secretary-Treasurer  
Director  
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Michael F. Consedine  
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National Association of Insurance Commissioners

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<sup>2</sup> Federal Emergency Management Agency, *Natural Hazard Mitigation Saves Interim Report* (June 2018), [https://www.fema.gov/media-library-data/1528732098546-c3116b4c12a0167c31b46ba09d02edfa/FEMA\\_MitSaves-Factsheet\\_508.pdf](https://www.fema.gov/media-library-data/1528732098546-c3116b4c12a0167c31b46ba09d02edfa/FEMA_MitSaves-Factsheet_508.pdf)