

Reauthorize the National Flood Insurance Program (NFIP)

CONGRESSIONAL ACTION NEEDED

Reauthorize the National Flood Insurance Program (NFIP) to ensure access to affordable flood insurance.

CONGRESSIONAL ACTIONS TO DATE

- In July 2011, the House voted 406-22 to approve a 5-year reauthorization measure, H.R. 1309, “The Flood Insurance Reform Act,” sponsored by Representatives Judy Biggert (R-IL) and Maxine Waters (D-CA).
- The Senate Banking Committee has since unanimously reported a similar bill, S. 1940 (Johnson D-SD; Shelby R-AL), “The Flood Insurance Reform Act,” which continues to await full Senate consideration. Forty-one senators recently wrote their leadership urging them to bring up such a measure for debate; forty-one is also the vote margin necessary to end debate on unrelated amendments.

WHAT TO TELL YOUR REPRESENTATIVES AND SENATORS

- Thank your House members for voting for H.R. 1309. Ask your House member to urge the Senate to pass a 5-year flood insurance reauthorization bill before the current temporary extension of the current flood bill expires on May 31.
- Urge your Senator to take up and approve a 5-year reauthorization measure and end the uncertainty of extensions and shutdowns.
- Urge House-Senate conferees to act quickly once a Senate bill is passed.
- Do not let a vital program lapse again or hold it hostage to extensions of other federal programs.

ISSUE BACKGROUND

Millions of American Taxpayers Rely on the NFIP for Flood Protection

Floods claimed more lives and property than any other natural disaster in the U.S. over the last century. Unable to ignore the rising cost to taxpayers of disaster payments for uninsured properties or the lack of a private market for flood insurance, Congress created the NFIP in 1968. That is still true today, except 5.6 million property owners rely on the program in 21,000 communities where flood insurance is required for federally related mortgages.

Stopgap Extensions and Shutdowns Have Exacerbated Market Uncertainty

Since September 2008, Congress has approved more than a dozen NFIP extensions and allowed several lapses. During the June 2010 lapse, 47,000 home sales stalled according to NAR survey data. Further research confirms that another shutdown risks 1,300 more sales each day. Real estate markets require certainty to make the long-term investments that are vital to the U.S. economic recovery.

Reauthorizing the NFIP Saves Taxpayers Both Money and Property

Historically, NFIP has collected enough revenue to cover its cost or pay back a short-term loan from the Treasury with interest. Even with a substantial loan balance remaining from the 2005 hurricane season, reauthorization would not add to the federal deficit according to the Congressional Budget Office. Yet, extending program requirements would strengthen more properties against floods, averting \$16 billion in loss already. Without the NFIP, there would simply be more uninsured properties, taxpayers would still be “on the hook” for disaster assistance to these properties, and there would be no premiums to pay down any remaining loan balance or collect interest.

Floods Are a National Problem Requiring a National Solution

Floods are not just a coastal issue. Flood disasters have been declared in every state—along rivers, where snow melted or rain fell. Historic claims data shows the top 3 states contributing the most net revenue to NFIP coffers were on the Gulf; the top 3 with the most NFIP net loss years were in the Midwest.