

National Flood Insurance Program

Congressional Action Needed

- Thank the House of Representatives for passing H.R. 2874, The 21st Century Flood Reform Act, that would comprehensively reform and reauthorize the National Flood Insurance Program (NFIP) for five years.
- Urge the Senate to take up H.R. 2874 immediately to avoid a program lapse on July 31, 2018.

Congressional Actions To Date

- Last November, the House approved The 21st Century Flood Reform Act (H.R. 2874) that includes a five-year reauthorization as well as key private market and NFIP rate-map reforms.
- Senators Heller (R-NV) and Tester (D-MT) have reintroduced The Flood Insurance Market Parity and Modernization Act (S. 563), which would reduce barriers to private flood insurance and is currently included in the House-passed Flood Reform Bill.

What To Tell Your Representatives And Senators

Long-Term Reauthorization Is Critical

- Don't let NFIP lapse. Each lapse costs 40,000 property sales per month.
- The House Flood Reform Bill (H.R. 2874) would fully reauthorize the program for five years.
- Without reauthorization, NFIP cannot issue or renew policies in 22,000 communities where flood insurance is required for a mortgage.
- The Senate should take up and amend the House bill to strengthen the flood mapping and mitigation but retain key provisions including the private-market and NFIP-rate reforms.

Retain The House Bill's Private Market Reforms

- The House bill includes the text of The Flood Insurance Market Parity and Modernization Act, which unanimously passed the House (419–0) last Congress.
- Private market options must be included because NFIP premiums are based on national averages that overcharge the below-average-risk properties.
- Clarifying that consumers may meet federal requirements with private flood insurance offers an alternative to overpriced NFIP policies.
- The private market is offering better coverage at lower cost than the NFIP.

Build On The Risk Mitigation Provisions To Keep Rates Affordable

- The best way to keep NFIP rates reasonable is to reduce risk.
- The House bill better aligns NFIP rates to inland vs. coastal risk, capped at no more than \$10,000 per year, and provides \$1 billion to strengthen properties against future flooding.
- Elevating a property by two feet can cut flood insurance premiums by two-thirds.
- U.S. government now spends more than \$1 billion a year on grants to homeowners to repair flood damage.
- Mitigating, elevating or relocating these homes would save taxpayers \$6 for every \$1 spent.
- Currently, property owners cannot access mitigation grant dollars until after the property floods despite it being more cost effective to elevate or relocate beforehand.

Amend The House Bill To Ensure Accurate Flood Maps

- The House bill allows state and local governments to develop more granular flood maps.
- However, NFIP should also be required to use modern mapping technology to produce building-specific risk assessments.
- Currently, homeowners bear the burden of amending the maps to remove low-risk buildings from the floodplain.
- Map amendments require homeowners to buy 25,000 land surveys each year at \$500 each.
- The current method of flood mapping and amendment puts the burden on property owners when states can supply the data more efficiently using Light Detection and Ranging (LiDAR).

Issue Background

The NFIP was created to provide incentives for communities to rebuild to higher standards and steer development away from flood zones. In exchange, communities gain access to flood maps, mitigation assistance and subsidized insurance to prepay for future damage and recover more quickly from flooding. However, the program was not designed to absorb catastrophic loss years including 2005 (Katrina), 2012 (Sandy), 2016 (Baton Rouge) and 2017 (Harvey, Irma and Maria). As a result, NFIP has borrowed \$36 billion from the Treasury since 2005 and is making interest-only payments of approximately \$400 million a year.

NFIP's last full reauthorization expired on September 30, 2017. So far, there have been six stopgap extensions since then and one shutdown lasting three days. Last time the program was up for reauthorization in 2008, it took 17 extensions and a two-month shutdown—scuttling an estimated 40,000 real estate closings per month—before Congress was able to reauthorize NFIP in 2012.

Opposing/Supporting Viewpoints

House bill critics assert that The 21st Century Flood Reform Act cannot pass the Senate.

House bill supporters note that the Senate can take up and amend the House bill, but there is no reason not to act while NFIP rates continue to climb 10–25 percent per year without end.

Private market critics believe that private insurers will “cherry pick” the low risks from NFIP.

NFIP supporters counter that the private market is targeting high-risk, subsidized properties that are net revenue losers for the NFIP.

Flood mapping critics say that it costs too much to produce property-specific flood maps using more granular Light Detection and Ranging (LiDAR) technology.

Mapping advocates say that without accurate data, communities, lenders and property owners will not know their risk and continue to build in harm's way.

Mitigation critics argue that taxpayer dollars should not be invested in flood-prone properties.

Advocates note that U.S. taxpayers are already spending billions on repairing flooded homes and that buying out, elevating or relocating those homes would be more cost effective.