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July 20, 2015

The Honorable Dean Heller
United States Senate
324 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Dennis Ross
United States House of Representatives
229 Cannon House Office Building
Washington, D.C. 20515

The Honorable Jon Tester
U.S. Senate
311 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Patrick Murphy
United States House of Representatives
211 Cannon House Office Building
Washington, D.C. 20515

Dear Senators and Representatives:

On behalf of over 1 million members of the National Association of REALTORS® (NAR), thank you for introducing the Flood Insurance Market Parity and Modernization Act of 2015 (S. 1679/HR 2901). We support this legislation as a solid first step in the development of private market options where property owners lack access to affordable coverage under the National Flood Insurance Program (NFIP).

Of particular note, S. 1679/HR 2901 would clarify that private flood insurance as well as NFIP coverage satisfies the federal requirement to maintain a minimum amount of flood insurance for the full life of a federally related mortgage in the 100-year floodplain. NAR strongly supports this “continuous coverage” provision. This would prevent the NFIP from hiking rates, removing the disincentive should consumers wish to flood insure in the private market. It also protects consumers by preserving the NFIP as a viable option and keeping them from becoming stranded, should private insurers decide to raise rates or drop coverage after major floods.

These bills would also remove the federal requirement that non-NFIP policies offer the same or better coverage than the NFIP. We don’t see the need for an additional layer of federal oversight and red tape for the state licensed or admitted insurance companies since their coverage terms and insurance rates are already strictly regulated. The state is in the best position to protect these insurance consumers. However, it is unclear whether and to what extent states would have the authority to enforce minimum flood insurance coverage requirements in the non-admitted or “surplus lines” market. We also note that the lender disclosure requirements have been removed as well as provisions allowing federal mortgage programs (Fannie Mae, Freddie Mac, FHA, etc.) and the financial regulators (FDIC, Federal Reserve, etc.) to set financial solvency and claims-paying conditions for private flood insurance companies covering federally related mortgages.

Again, we support S. 1679/HR 2901 and we look forward to working with you to enhance some of the bill’s provisions and generate congressional support as the bill moves through the legislative process.

Sincerely,



Chris Polychron
2015 President, National Association of REALTORS®

