

May 17, 2021

Charlie Oppler
2021 President

Bob Goldberg
Chief Executive Officer

ADVOCACY GROUP

Shannon McGahn
Chief Advocacy Officer

The Honorable Sherrod Brown
Chairman
U.S. Senate Committee on Banking,
Housing, and Urban Affairs
503 Hart Senate Office Building
Washington, DC 20510

The Honorable Pat Toomey
Ranking Member
U.S. Senate Committee on Banking,
Housing, and Urban Affairs
455 Dirksen Senate Office Building
Washington, D.C 20510

Dear Chairman Brown and Ranking Member Toomey:

On behalf of 1.4 million members, thank you for holding this important hearing on the reauthorization of the National Flood Insurance Program (NFIP), Part 1. Unless Congress acts, NFIP's insurance authority will expire on September 30, leaving countless property buyers unable to purchase the flood insurance required to close on their properties. Congress should not only act to extend the program, but also make comprehensive reforms to ensure properties' true risks are understood, incentivize pre-flood mitigation, and strengthen the program's long-term fiscal viability.

REALTORS® support a long-term flood insurance reauthorization coupled with meaningful reforms:

- **Accurate Flood Mapping** – Congress should direct the NFIP to move toward property-level flood mapping and make the information publicly available. REALTORS® support provisions modeled after the successful North Carolina mapping program, which is already providing flood risk, cost, insurance, and mitigation information specific to each property in the state. Without accurate flood data, property owners, buyers, lenders, and communities will continue to not know properties' true risk and locate in harm's way.
- **Fair Insurance Rates** – After the Biggert-Waters Act, REALTORS® urged FEMA to address many fundamental problems in the NFIP's current rating system, particularly the excessive premiums for moderately priced homes in lower risk areas. Our members made several recommendations to better align the rates with property-specific risk based on an [independent actuarial study conducted by Milliman](#). FEMA went on to adopt most of the NAR study recommendations and engaged the same Milliman actuaries to help them build out a modern insurance pricing system, called Risk Rating 2.0. REALTORS® support Risk Rating 2.0 while continuing to work with Congress to reduce the statutory cap on annual increases to address any remaining affordability issues.
- **Flood Risk Mitigation** – REALTORS® support expanding mitigation assistance, including increased cost of compliance coverage to reduce the risk-based rates. Authorized funding levels for mitigation programs

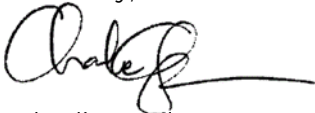


should be increased as the most cost-effective and proven way to save lives and property. Provisions should also be modified so that property owners may access assistance prior to flooding and provide for a broader range of mitigation techniques.

- **Private Insurance Options**– Congress should clarify that private flood insurance policies can satisfy NFIP’s mandatory purchase and continuous coverage requirements. Consumers should be allowed to choose between NFIP and private policies, whichever offers the most comprehensive coverage at the lowest cost. NFIP alone will not be able to close the insurance gap in the United States; it will take a robust partnership with the private market.
- **Risk Transparency** – While all 50 states already require the disclosure of known material facts about property, including any prior flood damage, lack of awareness about flood risk remains a significant barrier. Last year, Realtor.com® augmented these state disclosure laws by including flood factors on all home listings. Our members also support data exchange provisions of House Financial Services Committee legislation (sec. 404), which would require FEMA to disclose the NFIP claims history of a property to both the buyer and owner so both can make fully informed decisions.

Again, thank you for holding this hearing. We look forward to continuing to work with you and your colleagues in Congress to find a way forward on reauthorizing and reforming this critical program to the nation.

Sincerely,

A handwritten signature in black ink, appearing to read "Charlie Oppler", with a long horizontal flourish extending to the right.

Charlie Oppler
2021 President, National Association of REALTORS®