

October 23, 2017

TO: NAR Insurance Committee
FROM: Ken Austin, Chair, Flood Insurance Work Group
SUBJECT: Final Report

Purpose:

- Provide quick response and analysis of congressional proposals to reauthorize and reform the National Flood Insurance Program (NFIP), as needed;
- Report back to the Committee with any findings or recommendations regarding NAR policy.

Meeting Dates: February 6; May 15-16; and June 2, 2017

Findings & Conclusions:

- The work group reviewed seven NFIP reform bills in the House Financial Services Committee.
- Based on the review, NAR supported six of the seven bills, which would reauthorize NFIP for 5 years and include significant flood mapping, mitigation, and private flood insurance reforms.
- However, NAR initially opposed the seventh bill, the 21st Century Flood Reform Act (HR2874), due to section 506, which would have ended all grandfathering of flood insurance rates.
- The Financial Service Committee ultimately agreed to delete the provision, restoring the practice of grandfathering and clearing the way for NAR's support of all seven Committee bills.
- The work group also debated but was not able to agree on whether NAR should support or oppose a provision that would have phased out NFIP insurance for new construction in 4 years.
- While some members pointed to local markets with low inventory that are entirely in the flood zone, others noted that encouraging development of the flood zone puts homeowners and the financial health of the NFIP at greater risk.
- The work group did not put forward a policy recommendation on NFIP coverage for new construction in flood zones.

Work Group Members:

- Ken Austin, MS - Chair
- Brenda Small, DC - Liaison
- Maria Wells, FL
- Steven Fischer, GA
- Frank Dickens, AZ
- Mark Ashworth, NV
- Greg Larson, ND
- Tim Kellogg, IL
- Christian Schlueter, NJ
- Harold Huggins, MD
- Andrea Bushnell, NC
- Steven Moreira, FL
- Annie Engel, PA
- David McKey, LA
- Brandi Gabbard, FL