

## **SUMMARY OF KEY PROVISIONS OF FLOOD INSURANCE REFORM** *21<sup>st</sup> Century Flood Reform*

Reauthorize the National Flood Insurance Program (NFIP) for five (5) years, place the NFIP on sound financial footing, and institute new programmatic reforms that:

1. **Address Consumer Cost and Affordability**
2. **Provide Greater Private Market Access, Competition, and Consumer Choice**
3. **Encourage Flood Mapping Reforms and Fairness**
4. **Enhance Mitigation Efforts for Properties that Flood Frequently**
5. **Strengthen Taxpayer Protections**
6. **Implement NFIP Claims Processing and Superstorm Sandy Reforms**

**Private Market Development and Consumer Choice** – *Consumers need real choices on private market alternatives to the NFIP so they have the option to take their business elsewhere or stay in the government’s program.*

➤ **Establish Private Market for Flood Insurance.**

Using the text of the Ross-Castor Flood Insurance Market Parity and Modernization Act [H.R. 1422], provide greater private market access, competition and consumer choice. Amend the Flood Disaster Protection Act of 1973 to clarify that flood insurance offered by a private carrier outside of the NFIP can satisfy that Act’s mandatory purchase requirement. Define acceptable private flood insurance as a policy providing flood insurance coverage that is issued by an insurance company that is licensed, admitted, or otherwise approved to engage in the business of insurance in the state or jurisdiction in which the insured property is located, or an insurance company that is eligible as a non-admitted insurer to provide insurance in the state or jurisdiction where the property to be insured is located.

➤ **Equivalency Fee for Private Flood Insurance.**

Apply to private flood insurance policies a fee equivalent to the current federal policy fee already in place on NFIP policies for the purpose of carrying out NFIP flood mapping activities.

➤ **Elimination of Non-Compete Requirement.**

Eliminate the regulatory restriction that currently prevents insurers participating in the NFIP’s Write Your Own (WYO) Program from selling both NFIP and private flood insurance policies.

➤ **Public Availability of Program Information.**

Require FEMA to develop an open-source data system to allow public access of all information related to assessing flood risk or identifying and establishing flood elevations and premiums, including, where available, data relating to risk on individual properties and loss ratio information and other information identifying losses under the program. Personally identifiable information shall not be made available; the information provided shall be based on data that identifies properties at the zip code or census block level, and shall include the name of the community and state in which the property is located.

*Expanded Discussion Draft*

➤ Refund of Premiums Upon Cancellation of Policy Because of Replacement with Private Flood Insurance.

Require FEMA to allow policyholders who cancel their NFIP policies during the middle of the policy term to receive a pro-rata refund on their premiums if the policy is replaced with private flood insurance (excluding properties that have received any taxpayer-funded mitigation assistance through the NFIP's Increased Cost of Compliance program).

➤ GAO Study of Flood Damage Savings Accounts.

Require the Comptroller General of the United States to conduct a study assessing the feasibility and effectiveness of establishing voluntary flood damage savings accounts to reduce flood insurance premiums and eliminate the need for purchase of flood insurance coverage.

➤ Flood Damage Savings Account Demonstration Program.

Require the FEMA Administrator to submit to Congress a plan for the implantation of a demonstration program to establish voluntary flood damage savings accounts that takes into consideration the analysis, conclusions, and recommendations developed by the Comptroller General of the United States.