

NAR Activity Update

National Flood Insurance Program (NFIP)

NAR has drafted this update to help keep you informed regarding the National Flood Insurance Program (NFIP). There are number of internal and external steps that NAR has taken to address the serious concerns raised by the scheduled implementation of the NFIP reform legislation.

INTERNAL NAR ACTION STEPS

- **ENHANCED REALTOR.ORG FLOOD PAGE:** Extensive information including legislative and regulatory summaries, reports, analyses, fact sheets and an informational video on the NFIP. Helpful links to FEMA and other resources are also available to the membership at the Realtor.org Flood Page: <http://www.realtor.org/topics/national-flood-insurance-program-nfip>.
- **NAR's LEGAL AFFAIRS DEPARTMENT:** Has developed information and guidance on how members should address disclosure concerns and issues related to flood insurance and the possibility of increased flood insurance premiums. This information also includes a sample flood insurance disclosure statement for use by members and state and local associations. <http://www.ksefocus.com/billdatabase/clientfiles/172/4/1816.pdf>
- **CONDUCTED OUTREACH TO MEMBERS:** NAR staff has briefed numerous state associations and local boards including New Jersey, South Carolina, the Outer Banks (NC), as well as the entire state of North Carolina. Here is the recording of NAR staff's NC briefing: <https://realtors.webex.com/realtors/lsr.php?AT=pb&SP=EC&rID=67067207&rKey=b528ab8d3024cc9a>
- **DISTRIBUTED NFIP RATE SURVEY:** NAR is polling state associations to pinpoint the cause and impact of rate increases experienced. We have posted the survey online and invited Realtor participation. Also, at NAR's request, several states -- including FL, NC, LA, SC, NY, and NJ -- have issued NAR's survey. They were recently circulated and staff is compiling the results as they are received.
- **NAR WEBINAR WITH FEMA OFFICIALS:** In conjunction with the National Association of Home Builders over 700 members (the majority being REALTORS) from both organizations participated.
- **FUTURE INFORMATIONAL WEBINARS AND PANELS:** are under development for the Louisiana, Florida, New Jersey and New York state associations.

EXTERNAL NAR ACTION STEPS

- **WORKING WITH US HOUSE OF REPRESENTATIVES:** With NAR's support, Reps. Bill Cassidy (R-LA) and Maxine Waters (D-CA) have successfully passed out of the House an amendment to the Homeland Security Appropriations Bill to delay removal of "grandfathered" flood insurance rates for one year. This will provide FEMA with additional time to complete the "Biggert-Waters" affordability study and report to Congress on the impact of this and other rate reforms.
- **WORKING WITH US SENATE:** United States Senators Mary Landrieu (D-LA) and David Vitter (R-LA) are working with NAR to include the delay in the Senate version of the Homeland Security Appropriations Bill, and also expand it to include the other rate provisions effective October 1st which will start impacting home purchases later this year.

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- **US SENATE BANKING COMMITTEE:** Will conduct a hearing on the affordability of the NFIP rate provisions. The hearing is expected to be conducted in late July.
- **CONGRESSIONAL STAFF SYMPOSIUM:** NAR, in cooperation with the American Bankers Association and the National Association of Home Builders, is planning a flood insurance forum for Members of Congress and congressional staff. The purpose of the forum is to educate Congress on the coming changes required under the Biggert-Waters legislation and discuss legislative and regulatory options currently under discussion.
- **WORKING WITH FEDERAL AGENCIES:** NAR has been working with several federal agencies that are involved in flood insurance and related insurance issues:
 1. **FEMA** is developing an affordability study in a report to Congress. NAR is working with FEMA to provide the data we receive from our survey. NAR successfully advocated for the study's inclusion in the five year bill.
 2. **FEDERAL INSURANCE OFFICE:** NAR drafted extensive comments to a formal Request for Comments from the U.S. Department of Treasury's Federal Insurance Office for a report to Congress on the current state of the market for natural catastrophe insurance in the United States. This report to Congress was mandated under Biggert-Waters. NAR commented that, in summary, the private insurance market has failed to ensure access to affordable property insurance for hurricanes, earthquakes and other major catastrophes, including floods. As a result, federal post-disaster assistance has become the default method for financing community and home rebuilding.
 3. **GOVERNMENT ACCOUNTABILITY OFFICE:** NAR staff has communicated with officials from the Government Accountability Office (GAO) on increasing private sector involvement in the flood insurance market. This report from GAO to Congress was also mandated under Biggert-Waters. NAR's primary comment to GAO on this issue was to emphasize the obstacles to the creation of a viable market for private flood insurance products, previous private flood insurance market failures and the fact that the insurance industry has a difficult time accurately pricing and managing flooding risks.