



## Flood Insurance

*The Big "I" urges Congress to:*

- *Extend the National Flood Insurance Program (NFIP) before the program expires on July 31, 2018.*
- *Support a long-term reauthorization of a modernized NFIP that would increase take up rates for flood insurance, both in the NFIP and in the private market.*
- *Support private sector delivery of the NFIP and oppose cuts to Write-Your-Own (WYO) insurer reimbursement and agent commissions.*

The NFIP is the main source for flood insurance in the U.S. The NFIP makes federally-backed insurance policies available to property owners in over 20,000 communities that enforce floodplain management standards. The overwhelming majority of NFIP policies are written through the WYO program—a private-public partnership that utilizes insurers and agents to sell and service NFIP policies. The NFIP is reauthorized by Congress periodically and is currently set to expire on July 31, 2018.

### **The Big "I" supports an extension of the NFIP before the program expires on July 31, 2018.**

The NFIP was created in 1968, and while it is important that steps are taken to modernize the program, it is most important that the NFIP does not expire. Approximately five million property owners rely on the NFIP. In 2017 and 2018, the NFIP has already seen five short-term reauthorizations and two lapses. Reauthorization is necessary to avoid coverage lapses (especially during hurricane season) and significant disruption for consumers, small businesses and real estate markets.

### **The Big "I" supports a long-term reauthorization of a modernized NFIP that would increase take up rates for flood insurance, both in the NFIP and in the private market.**

Long-term reauthorization of the NFIP is important to provide certainty to insurance consumers. In November, the House passed H.R. 2874, the "21st Century Flood Reform Act" pushed by House Financial Services Committee Chairman Jeb Hensarling (R-TX) and Rep. Sean Duffy (R-WI), which reauthorizes the NFIP for five years among other things. While the Big "I" supports a long-term reauthorization of the NFIP and some reforms included in H.R. 2874, the association has concerns with provisions of the bill that would negatively impact NFIP take up rates. The Senate has not yet considered NFIP reform legislation.

The Big "I" urges Congress to consider policies that would help more Americans obtain flood insurance coverage. Many properties impacted by Hurricanes Harvey, Irma, and Maria were not covered by flood insurance. Flood insurance enables property owners to recover more quickly after a flood and is less costly to taxpayers than disaster assistance. Thus, the Big "I" supports clarifying that a private policy can satisfy mandatory flood insurance requirements for federally-backed mortgages in high-risk flood areas, including FHA-insured loans. The Big "I" also supports allowing private flood insurance to satisfy NFIP continuous coverage requirements, which ensures that if a consumer leaves the NFIP for the private market and conditions change such that the consumer must return to the NFIP they can do so without penalty. As a result, the association supports S. 563/H.R. 1422, the "Flood Insurance Market Parity and Modernization Act", by Sens. Dean Heller (R-NV) and Jon Tester (D-MT), and Reps. Dennis Ross (R-FL) and Kathy Castor (D-FL). This legislation is also part of H.R. 2874.

### **The Big "I" supports the private sector delivery of the NFIP and opposes cuts to WYO insurer reimbursement and agent commissions.**

Insurance agents and brokers are uniquely knowledgeable about the NFIP and are the main point of contact for consumers when purchasing flood insurance. Approximately 80% of Big "I" members sell flood insurance through the NFIP and the WYO program. The Big "I" opposes any cuts that would harm the private sector delivery of flood insurance, limit consumer access to flood insurance, and lower flood insurance take up rates including those contained in H.R. 2874 and S. 1368 the "SAFE NFIP Reauthorization Act," by Sens. John Kennedy (R-LA) and Bob Menendez (D-NJ).