

# REAUTHORIZE THE NATIONAL FLOOD INSURANCE PROGRAM

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## BACKGROUND

In July 2012, the Biggert-Waters Flood Insurance Reform Act was signed into law and reauthorized the NFIP until September 30, 2017. Unfortunately, neither the House nor the Senate were able to pass legislation before September 30, 2017, which would have reauthorized the program for an additional five years. Instead, reauthorization has been extended on a short term basis multiple times. The program is \$20.5 billion in debt, and the current reauthorization effort comes in the wake of two category 4 hurricanes. The Council of Insurance Agents & Brokers has long supported efforts to make the program more actuarially sound and to increase private market involvement and competition for flood insurance policies. The NFIP is now scheduled to expire on November 30, 2018, and it is expected that there will be yet another short term reauthorization of several months to take us to the middle of next year.

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## THE ISSUE

The NFIP is being held hostage to a series of short-term reauthorizations, which results in lapses and program volatility and creates uncertainty in both the insurance and housing markets. Flood insurance take up rates in mandatory purchase zones are low, despite the requirement of flood insurance if you purchase your home with a federally-backed mortgage. There should be greater compliance and education with mandatory purchase requirements in order to provide greater coverage for homeowners in flood-prone areas.

Although flood insurance represents a relatively small proportion of the surplus lines market, it represents a market for consumers who would otherwise have no solution. The Flood Insurance Market Parity and Modernization Act, introduced by Rep. Dennis Ross (R-FL-15) and originally cosponsored by Rep. Kathy Castor (R-FL-14) amends the definition of private flood insurance to ensure surplus lines insurers are eligible to offer private market solutions and alternatives to consumers in need of unique and complex flood risks. Sens. Dean Heller (R-NV) and Jon Tester (D-MT) have a companion bill in the Senate. This language was included in the 21st Century Flood Insurance Reform Act that passed the House in November 2017, but has yet to be considered by the Senate. Since Congressman Ross is not seeking re-election and both Senators Heller and Tester are in tight re-election campaigns, it is unclear which House and Senate members will re-introduce this legislation in the 116th Congress.

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## OUR POSITION

At the moment, The Council urges Members of Congress to continue their work on a full reauthorization and reform of the National Flood Insurance Program that not only increases private market involvement, but also increases flood insurance take-up rates in the mandatory purchase zones, and preserves the Write Your Own (WYO) program.

## ABOUT US

The Council of Insurance Agents & Brokers is the premier association for the top regional, national and international commercial insurance and employee benefits brokerage firms worldwide. Council members are market leaders who annually place 85 percent of U.S. commercial property/casualty insurance.

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