

Reauthorize the National Flood Insurance Program

► BACKGROUND

The National Flood Insurance Program (NFIP) must be reauthorized before it expires on September 30, 2017. The last several reauthorizations faced political hurdles that resulted in lapses and retroactive reauthorizations, which created uncertainty for homeowners.

The NFIP was reauthorized in 2012 by the Biggert-Waters Flood Insurance Reform Act, which made sweeping changes to the program including annual rate increases intended to bring most flood insurance premiums closer to actuarial rates. Prior to its full implementation, concerns were raised that these rate increases would be so severe that many people would be driven out of their homes. In response, Congress passed The Homeowner Flood Insurance Affordability Act of 2014, which rolled back many of the reforms from Biggert-Waters. In order to avoid this situation in 2017, the House Financial Services Committee began reauthorization discussions early in 2016 and plans to pass a bill through the House by spring 2017.

In the meantime, Congress has sought to address one finite issue, which would allow for more private market participation in the flood insurance program. **The Flood Insurance Market Parity and Modernization Act of 2015**, offered in the House by Congressmen Dennis Ross (R-FL) and Patrick Murphy (D-FL) and Senators Dean Heller (R-NV) and Jon Tester (D-MT), 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.**

► THE ISSUE

Biggert-Waters made clear that the intent of Congress was that private flood insurance should be an option available to homeowners. Biggert-Waters narrowly defined acceptable private flood insurance, thereby limiting the flexibility of state regulators to license private flood products. So while such insurers are currently "allowed" to provide private flood coverage, the definition of private flood insurance has created uncertainty for lenders and consumers. As a result, lenders have rejected perfectly valid, well-underwritten insurance policies because they were afraid to accept the policy under current law.

► OUR POSITION

Members of The Council of Insurance Agents & Brokers look forward to a long-term reauthorization of the National Flood Insurance Program in 2017 that:

- Increases private market participation
- Increases flood insurance take-up rates
- Preserves the Write Your Own 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% of U.S. commercial property/casualty insurance.