

- **Issue:** National Flood Insurance Program Reauthorization and Program Improvements
- **Proposed Policy:** The National Association of Counties supports reauthorization of the National Flood Insurance Program (NFIP) with legislative, policy and programmatic modifications to improve the affordability and transparency of the program through reforms in the following areas:
 - 1) Affordability/Rate Structure
 - a. Maintain a focus on affordability; however, if rates must rise, provide a reasonable glide path for all properties
 - b. Ensure rates are consistent for all properties, including second homes and businesses
 - c. Ensure NFIP rates are not excessive or unfair by making the rate-setting process more transparent
 - 2) Programmatic Modifications to Enhance NFIP's Financial Sustainability
 - a. Consider Write-Your-Own reforms, including capping commissions, while further incentivizing NFIP policy sales efforts
 - b. Encourage greater participation by those outside of the 100-year floodplain via expanded use of the Preferred Risk Policy
 - c. Further strengthen enforcement responsibilities to ensure those in the 100-year floodplain have and maintain flood insurance
 - d. Privatization that maintains affordability and requires whole profile of risk (no cherry picking)
 - 3) Mitigation
 - a. Increase funding for existing flood mitigation programs
 - b. Establish tax credits for mitigation efforts
 - c. Consider voucher/loan programs to further emphasize mitigation, particularly for lower-income participants
 - d. Oppose unfunded mandates requiring local governments to undertake new flood mitigation activities
 - 4) Mapping
 - a. Ensure the mapping process is transparent and is inclusive of local governments
 - b. Use the most effective technology available, such as LiDAR to ensure accurate maps
- **Background:** With nearly 5 million policies nationwide, responsible reauthorization of the NFIP is essential to the stability of the real estate market and to ensure public trust in the program. The National Association of Counties supports a sustainable, fiscally responsible NFIP that protects businesses and homeowners.

In 1968, Congress established the National Flood Insurance Program (NFIP) to address the nation's flood exposure. Until 2005, the NFIP was self-supporting, as policy premiums and fees covered expenses and claim payments. Currently, the program is roughly \$25 billion in debt due to a number of large storms.

In mid-2012, Congress passed, and the President signed, the Biggert-Waters Flood Insurance Act (BW12), a 5-year reauthorization of the NFIP that attempted to restore the program to firmer financial footing by making several changes to the program. Then, in early 2014, the Homeowner Flood Insurance Affordability Act (HFIAA), was enacted to address some of the so-called unintended consequences of BW12. HFIAA delayed many of the premium increases implemented by BW12 and reinstated grandfathering. This provision, originally ended by BW12, allows property owners to pay flood insurance rates based on original risk, not that which is determined by new community flood maps. The current authorization of the NFIP expires on September 30, 2017.

Today, the NFIP provides nearly all of the flood insurance policies in the United States, with coverage provided to communities in all 50 states.

- **Fiscal/Urban/Rural Impact:** The NFIP has direct impact on local tax revenue through its impact on the real estate market and on individual policy holders. In addition to the housing market impacts, any unfunded mandates for flood mitigation that may be created in the bill would have a detrimental impact on the budgets of Counties and Parishes. Flood insurance impacts both rural and urban communities throughout the country.
- **Sponsor:** Commissioner Heather Carruthers, Monroe County, Florida carruthers-heather@monroecounty-fl.gov
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