



## **ASFP Detailed Priorities for 2019 NFIP Reauthorization and Reform**

Updated April 1, 2019

2 pages

- **Reauthorize, fund and enhance the National Flood Mapping Program**
  - Support increased authorization (from \$600 million to \$1.5 billion annually) to expedite the completion of flood mapping for every community in the United States within five years. This is essential to get accurate flood mapping in place ahead of development.
  - Reiterate support for mapping expected future conditions as called for in BW 2012.
  - Create new flood zones to better reflect risk (such as those for residual risk areas behind levees).
  - Prioritize high-quality topography (3-DEP) to accurately depict flood-hazard areas.
  - Prioritize the elimination of the unmodernized paper map inventory in the nation.
  - Prohibit/eliminate the LOMR-F and associated floodway creep loopholes.
  - Require all A-Zones to be model based with updated topography.
  - Prohibit digital conversion of flood maps unless new engineering is done.
- **Ensure the already ongoing expansion of private-sector flood insurance does not erode the nation's comprehensive flood-risk management framework (NFIP) already in place:**
  - Amend existing law to require equivalency fee (equal to federal policy fee) on all private flood insurance policies for base coverage to help pay for flood mapping and floodplain management (essential tools to help communities and states manage flood risk).
  - Amend existing law to explicitly require private flood policies sold to meet the federal mandatory purchase requirement are only sold in NFIP participating communities.
  - Amend existing law to require private-sector flood insurance providers share comparable policy data in frequency and detail as FEMA shares to the private sector and as FEMA makes available to states and local floodplain managers, and that there be a repository for all flood insurance claims data for NFIP and private flood insurance.
  - Eliminate the "discretionary acceptance" loophole for private flood insurance policies that allows lenders to decide whether to accept private policies that is in the federal regulatory rule to be effective July 1, 2019.
  - Ensure consumers know limits and other differences between private flood insurance policies and NFIP policies by requiring private policies to include a summary of differences of NFIP and private.
  - Continue to require private flood policies have, at a minimum, comparable coverages and deductibles, including a requirement to pay for mitigation as Increased Cost of Compliance does in NFIP policies.
  - Ensure the NFIP does not become only the "insurance program of last resort/residual program" so it only has the highest risk policies in its portfolio.
  - We do not see the necessity of legislation that would further stimulate the private flood market, which is growing rapidly, indicating the changes in BW-12 are having their intended effect. ASFP would support the provision of continuous coverage between private and NFIP policies only if an equivalency fee is imposed, as well as the requirement that private policies sold to meet the mandatory purchase requirement be sold only in NFIP participating communities.

- **Address affordability**

- Implement a comprehensive affordability framework that does not create a new subsidy or cross-subsidy within the NFIP.
- Subsidize mitigation, not insurance, to promote safety and affordability.
- Eliminate policy surcharge
- Explore providing means tested low-cost mitigation revolving loans.

- **Support and enhance Increased Cost of Compliance**

- If policy surcharge remains, use the proceeds of the surcharges imposed by the HFIAA 2014 legislation to support ICC to boost cost-effective mitigation and reduce losses to the National Flood Insurance Fund.
- Require FEMA to fully implement all aspects of existing use of ICC per statutes within one year of this NFIP reform.
- Increase ICC limit to at least \$60,000-\$90,000.
- Allow ICC claims to be in addition to the maximum claim limit under the standard NFIP policy.
- Allow ICC to be triggered by non-flood related damage events.
- Expand eligible items to be paid under ICC to be substantially similar to eligible items under the FEMA HMA grants

- **Support pre-disaster mitigation of at-risk structures, especially repetitive loss buildings**

- Explore requiring annual FMA funding requests to support mitigating 5% of the repetitive loss properties each year.
- Ensure FMA is also available not just for repetitive loss properties, but also for high-at-risk properties that may not yet have suffered a loss.
- Require FEMA to develop and execute a comprehensive repetitive loss strategy, including a requirement to go to full actuarial rates unless mitigation offer is accepted and used after a certain number of claims.

- **Other**

- Forgive the current debt and adopt some form of a "sufficiency standard" as an automatic, long-term mechanism within the NFIP that ensures, after a certain threshold of catastrophic events, the debt will be paid by the U.S. Treasury. Among other things, the sufficiency standard would consider the reserve fund balance, utilization of reinsurance, and ability of the policy base at that time to repay.
- Ensure adequate funding and support mechanisms for building capability at the state and community level to effectively manage flood risk.
- Ensure flood insurance claims are adjusted and paid fairly and timely.
- Oppose any exemption of certain classes of buildings from mandatory purchase.
- Support flood-risk disclosure for all property transactions (purchase and rental agreements).
- Improve insurance agent training of flood insurance to include mandatory training and continuing education such as a minimum four hours of such education for renewal of a property and casualty insurance license.
- Consider some limitation on the maximum number of insurance claims per property. This will help limit taxpayer exposure, but the limitations must be tied to an offer of mitigation assistance.
- Consider the requirement that all property owners obtain and maintain flood insurance.