ASFPM Resolution on Adding Wind Coverage to the NFIP Flood Policies

Congress has proposed a new program in the National Flood Insurance Program to enable the purchase of wind and flood risk in one policy.

The Association of State Floodplain Managers has long endorsed reforms of the National Flood Insurance Program (NFIP) that improve efforts to guide and regulate development in ways designed to reduce future flood damage and to strengthen the financial stability of the National Flood Insurance Fund.

The National Flood Insurance Program was an ambitious effort to address an insurance need (flood) that was not being met by the private sector. The program was created after many years of research and policy discussion. For over 30 years the NFIP largely covered most costs, but after the 2004 & 2005 hurricane seasons is now $18B in debt, an amount that will probably be paid by the nation’s taxpayers. Adding wind coverage to the program may greatly increase the risk exposure of the federal taxpayers.

While the 2007 proposed legislation is intended to address one aspect of many current concerns with the homeowners insurance, ASFPM believes it could have many unintended effects on the stability of the NFIP, on the insurance industry, and on consumers and the nation’s taxpayers.

ASFPM strongly recommends that a broad analysis of market demand and economic impacts on the NFIP be undertaken, along with specific analysis of operational details before considering the implementation of a Federal “flood and wind” policy.

APPROVAL: 8/21/07  ATTEST: Collis O. Brown
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Dedicated to reducing flood losses in the nation.

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