April 25, 2008

Honorable Saxby Chambliss
416 Russell Senate Office Building
Washington, DC  20510

Honorable Johnny Isakson
120 Russell Senate Office Building
Washington, DC  20510

Re: S 2284 NFIP Reauthorization Bill

Dear Senator Chambliss and Senator Isakson:

The Georgia Association of Floodplain Management (GAFM) wishes to express its concern about potential amendments to S 2284, which reforms the National Flood Insurance Program (NFIP) and reauthorizes the program that expires this year. Specifically, GAFM is opposed to any amendment that would add wind coverage to a NFIP policy. GAFM is a two-year old non-profit organization dedicated to forwarding the cause of sound floodplain management within the state of Georgia. We are one of the 26 chapters of the national Association of State Floodplain Managers (ASFPM), comprising 11,000 individual and chapter members.

The National Flood Insurance Program (NFIP) has been providing valuable flood insurance to Georgia residents and business owners since its initiation in 1968. Overall, the NFIP has been a self-sufficient program – only occasionally borrowing funds from the US Treasury, which up until 2005, have been paid back with interest. Hurricanes Katrina and Rita in 2005 resulted in over $18 billion in claims, overwhelming the program not intended to deal with the magnitude of these events. The loss payments will be impossible to repay through the program’s revenue that is generated solely by premium income. Additionally, the NFIP mandates that communities institute local codes to ensure that construction in flood prone areas is less prone to flood damage. This quid pro quo is an important element of the NFIP saving policy holders and taxpayers over $1 billion in avoided damages annually. GAFM supports reforms of the NFIP to increase its financial solvency – especially in the face of potential future mega-catastrophes – and supports reauthorizing this important program.
Unfortunately, there are efforts being made to add a new hazard – wind – to flood coverage and the NFIP policy. Currently, the House bill, HR 3121, includes such an addition in the form of an optional wind and flood policy to be offered at “actuarial” rates. While S 2284 does not currently include such a provision, it is our understanding that there may be one or more proposed amendments to add wind coverage as debate begins on S 2284. Such a significant change to the NFIP has the following potential problems:

- **Increased liability to the NFIP.** Currently the NFIP insures over $1 trillion in property and adding wind coverage is a significant and unknown liability to a program that is already deeply in debt from Hurricanes Katrina and Rita. While the new “wind and flood” policy would be optional, claims would be paid out of the National Flood Insurance Fund, thereby threatening the viability of the underlying NFIP. Wind coverage is currently available through private insurance; exposure to flooding is not covered by homeowners insurance, thus the NFIP was created.

- **HR 3121 does not mandate wind codes.** As indicated earlier, the NFIP mandates that communities institute local codes to ensure that construction (both new construction and substantially rehabilitated existing construction) in flood prone areas is less prone to flood damage through meeting locally adopted flood damage prevention codes. This *quid pro quo* is an important element of the NFIP, saving both policy holders and taxpayers over $1 billion in avoided damages annually. Land use and development practices need to be sensitive to the natural hazard risk inherent to an area. HR 3121 provides the incentive of wind coverage but does not mandate codes to ensure new development are more wind resistant. The result? A program that does not break the cycle of damage-repair-damage and ensures that the NFIP and ultimately the taxpayer will be liable for claims and disaster assistance.

- **There are so many unanswered questions.** Before the NFIP was created, Congress required a task force to thoroughly review and study the concept of flood insurance and to identify potential issues and problems. This group of scientists, economists, policy makers and others developed House Document 465, which eventually became the blueprint for the National Flood Insurance Program. Such thorough research and vetting is important to ensure good public policies and programs are developed. Adding wind to the NFIP – which would be the most significant change to the program since 1973 – should be considered only after careful consideration and study, not in response to a perceived need. **Both GAFM and the Association of State Floodplain Managers (ASFPM) support the appointment of a blue ribbon panel to study the wind coverage issue.**

The NFIP has benefited Georgia for many years. Flooding, as you well know, is one of Georgia’s costliest and most widespread natural hazards. The purchase and availability of flood insurance is an important protection for our citizens and an important mitigation tool for reducing future flood losses. **GAFM hopes that any reforms to the NFIP would strengthen the program, and not threaten it.** The pending legislation reauthorizing the NFIP is critical to insuring that your constituents are protected by a program underpinned by solid public policy.

We thank you for your consideration of our above comments. On behalf of our 200+ member and growing organization, we are most thankful for your service and we share your commitment to protecting lives and property by making Georgia more resistant to flooding.

Sincerely,

Terri L Turner, AICP, CFM
Georgia Association of Floodplain Management Chair

cc: Larry Larson, PE, CFM ASFPM Executive Director (by e-mail)  
Meredith Inderfurth, ASFPM Washington Liaison (by e-mail)  
GAFM Board (by e-mail)