



ASFPM Detailed Priorities for 2018 NFIP Reauthorization and Reform

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2 pages

- **Reauthorize, fund and enhance the National Flood Mapping Program**
 - Support increased authorization (up to \$1.5 billion annually) to expedite the completion of flood mapping for every community in the United States within five years to get flood mapping in place ahead of development.
 - Reiterate support for mapping future conditions as called for in BW 2012.
 - Create new flood zones to better reflect risk (such as those for residual risk areas).
 - Prioritize high-quality topography 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.
 - 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 already in place:**
 - Amend existing law to require equivalency fee (equal to federal policy fee) on all first dollar private flood insurance policies to help pay for flood mapping and floodplain management (key tools in managing flood risk).
 - Amend existing law to explicitly require that 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 data (e.g., FEMA and private insurers reporting to the CLUE database).
 - Continue to allow lenders to decide whether to accept private policies.
 - Ensure consumers know limits and other differences between private flood insurance policies and NFIP policies.
 - Continue to require private flood policies have, at a minimum, comparable coverages, including a provision to pay for mitigation such as ICC.
 - Ensure federal lenders and GSEs have flexibility to make their own risk management determinations, and are not forced to accept any policy approved by state insurance regulations.
 - 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 (the changes in BW-12 are having their intended effect). ASFPM 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 in NFIP participating communities.

- **Address affordability**

- Implement a comprehensive affordability framework that does not create a new subsidy or cross-subsidy within the NFIP.
- Eliminate policy surcharge and reserve fund (NFIP is a comprehensive flood-risk program, not just an insurance program) imposed by the HFIAA 2014 legislation.
- Subsidize mitigation, not insurance, to promote safety and affordability.
- Explore providing low-cost mitigation loans under the umbrella of the Flood Mitigation Assistance program. The loans could be paid for by FMA. The property owner would repay the loan upon sale of the property.

- **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 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. This could be done in the context of requiring a co-pay percentage for ICC funds over \$60,000 or by increasing ICC premium.
- Allow for ICC claims to be in addition to the maximum claim limit under the standard flood insurance 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 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 balance of the reserve fund, utilization of reinsurance, and ability of the policy base at that time to repay.
- 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 to include mandatory training and continuing education.
- 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.