



ASSOCIATION OF STATE FLOODPLAIN MANAGERS, INC.

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July 25, 2017

Honorable Michael Crapo
Chairman
Senate Committee on Banking and Urban Affairs
Washington D.C. 20510

Honorable Sherrod Brown
Ranking Minority Member
Senate Committee on Banking and Urban Affairs
Washington D.C. 20510

Re: flood insurance reauthorization

Dear Chairman Crapo and Ranking Member Brown,

As you approach full Committee mark-up of the bill you have introduced to reauthorize and amend the National Flood Insurance Program (NFIP), the Association of State Floodplain Managers would like to express appreciation for a number of provisions in the bill you have introduced, S. 1571, to reauthorize and improve the NFIP. We particularly note its provisions for enhancing hazard mitigation efforts for repeatedly flooded areas and improving flood risk mapping. Both hazard mitigation and flood risk identification through mapping are essential to reducing loss of lives and property to flooding and reducing disaster-related costs to taxpayers. We encourage you to consider additional investment in both mapping and mitigation as you move ahead with your legislation.

We assume consideration will be given to a number of amendments, including possibly the language of legislation to further develop the private market for flood insurance introduced by Senators Heller and Tester. Although we understand the potential benefits of more flood insurance options, we strongly recommend three modifications of that language to ensure continuity of the comprehensive flood risk reduction aspects of the NFIP that exist today.

The NFIP is not just an insurance program, but a comprehensive flood risk management program that includes floodplain mapping, implementation of local floodplain ordinances to protect new development and hazard mitigation grants to reduce damage and loss of life from flooding.

Dedicated to reducing flood risk and losses in the nation.

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A federal policy fee on all NFIP policies pays for almost half the cost of floodplain mapping and all of the costs of floodplain management including technical assistance to over 22,000 communities that have joined the NFIP. Hazard mitigation grants are funded by premium income to the program. None of these functions are provided by private flood insurance policies. Yet private insurance companies acknowledge that mapping (i.e. identification of flood risk areas and areas of mandatory purchase of flood insurance) and floodplain management (i.e. reduced risk due to local requirements for hazard resistant construction) help them to target their marketing and to price premiums lower where floodplain ordinances exist.

ASFPM recommends that private policies also carry the federal policy user fee to support the mapping and floodplain management functions. Private flood policy holders, private insurance companies as well as the NFIP and its policy holders benefit from these functions by identifying at-risk areas, ensuring building construction standards which facilitate lower flood insurance premiums and targeting areas and structures which could benefit from mitigation actions leading to lower premiums. As policies migrate to the private sector, millions of dollars in revenue to support those floodplain management and mapping functions will be lost unless there is an equivalent policy user fee on private policies.

Second, ASFPM also recommends that private policies to satisfy the mandatory purchase requirement for properties in floodplains only be sold in communities that participate in the NFIP (meaning they have adopted floodplain management ordinances to guide safer development). In smaller communities with only a handful of properties required to purchase flood insurance, if that requirement can be met with private policies, those communities may drop out of the NFIP and no longer maintain floodplain management ordinances to reduce future losses. This could result in taxpayers picking up disaster costs.

Third, ASFPM recommends several provisions of the existing definition of private flood insurance be retained. The Biggert-Waters 2012 legislation (42 USC 4012a(b)(7)) defines private flood insurance, among other things, as providing coverage “at least as broad as” that provided by the NFIP.” The language provides consumer protections to ensure policies would not have excessive deductibles, exclusions or eliminate some essential coverages like Increased Cost of Compliance, which provides assistance to policyholders to rebuild in a manner that reduces flood damage in the future. Without these important provisions in place, policyholders could face unaffordable deductibles when they have a claim; communities would find it much harder to help homeowners become eligible for mitigation funding; and there would be a greater chance that claim payments would not be applied to building repairs resulting in increased community blight. ASFPM further notes that with this language in place, the private market has already been growing.

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The nation's floodplain managers strongly urge adoption of these elements if the Heller-Tester language is added to the Senate NFIP reauthorization bill. This would preserve the flood risk mapping and floodplain management functions that the NFIP provides and would protect consumers from purchasing low cost policies that provide less than adequate coverage and/or higher deductibles they could not pay. That would not happen if they had a NFIP policy.

The Association of State Floodplain Managers (ASFPM) and its 36 chapters represent more than 17,000 state and local officials, as well as other professionals engaged in all aspects of floodplain management and flood hazard mitigation including management of local floodplain ordinances, flood risk mapping, engineering, planning, community development, hydrology, forecasting, emergency response, water resources development and flood insurance. All ASFPM members are concerned with reducing our nation's flood-related losses.

The Banking Committee bill has many important provisions that we support. Thank you for seriously considering these recommendations from the Association of State Floodplain Managers.

Very sincerely,



Maria Cox Lamm
ASFPM Chair



Chad Berginnis
ASFPM Executive Director