

## **OPPOSE the 21st Century Flood Reform Act.**

This is the package of proposals that has come out of the House Financial Services Committee. This Act:

- **Does not address affordability** adequately.
  - It caps annual premiums at \$10,000 (!).
  - It reduces the primary home glidepath from 18% only to 15%, which compounded means your premium doubles in six years. Also this 15% cap is exclusive of surcharges and fees.
  - It does not address the differential treatment of second homes and commercial properties which are on a 25% annual increase glidepath (essentially doubling premiums in three years).
  - It increases the minimum required premium increase from 5% to 6.5% (phased in over three years with the "manager's amendment," H2874). For reference, the CPI for the past 12 months is 1.6%.
  - Grandfathering protections are unclear.
- **Does not adequately address costly administrative overhead**
  - Write-Your-Owns are still authorized to charge 27% commission on premiums for administration.
  - Does not penalize WYO's when they are "bad actors" (e.g., underpay claims).
- **Worsens NFIP's financial stability**
  - Does not address program expansion (thus concentrating, not spreading, flood risk).
  - Opens up NFIP to the private insurance market **but**:
    - **does not prevent "cherry-picking"** the least risky properties leaving the most risky properties in NFIP (which could leave NFIP less financially stable).
    - it assumes these companies will offer competitive premiums.
  - **Phases out participation for high-value homes.**
    - These homes are likely to be the best built and least risky. Removing them from NFIP further weakens the financial stability of NFIP. (Coverage is capped at \$250,000 regardless of the home value.)
- Creates an **unfunded mandate** for local governments
  - Any community with 50+ repetitive loss properties will be forced to identify those properties and develop mitigation plans (including purchasing homes and relocating constituents) or face possible sanctions such as community removal from NFIP participation.
- **Does not provide consumer protections**
  - when encouraging the private market, it
    - does not ensure private insurance companies are adequately capitalized and will be there when you need them.
    - It does not ensure that:
      - you will be eligible for your community's CRS discounts.
      - you will be on the same glidepath for annual premium increases, or have any protections for premium increases.

- you will have the option to return to NFIP should your private insurer increase rates or be unable to service your claim.
  - does not establish regional flood insurance consumer advocate positions.
- **Allows community input on mapping only if communities pay for their own maps.**

**A note on the "Manager's Amendment:"** This amendment made some minor tweaks to the 21st Century Reform Act, but **none of the issues above have been addressed**. While the manager's amendment appears to restore grandfathering, concerns remain regarding timing of maps in relation to grandfathered protections.

**SUPPORT SAFE (Safe, Affordable, Fair and Efficient) NFIP Reauthorization Act of 2017 (S. 1368/H.R. 3285)**

This is the bipartisan Senate bill and the House companion introduced by Clay Higgins. See the attached bill summary.