

Resolution on National Flood Insurance Program Reauthorization and Program Improvements

Issue: County priorities in the reauthorization of the National Flood Insurance Program.

Proposed Policy: NACo urges congressional committees of jurisdiction to include local and state stakeholders in the process of drafting legislation for the reauthorization of the National Flood Insurance Program that:

- Provides long-term reauthorization with a focus on affordability, efficiency, fairness, accountability and sustainability of the program.
- Invests in mitigation, reforms the administration and claims processes, and bolsters NFIP solvency.
- Modernizes flood mapping and flood risk accuracy.
- Increases accountability and consumer protections in the NFIP and private markets.

Specifically:

- **Affordability** – Limit rate increases to no more than five percent per year on any policy, inclusive of any surcharges and fees, especially given potential rate increases due to FEMA’s Risk Rating 2.0 initiative. Preserve grandfathering. Place a hard cap on annual premiums of one percent of the total coverage of the property. Rates should be maintained as affordable for all policy holders.
- **Mitigation** – Increase federal investment in property and community mitigation, not only through loans, however; provide mitigation credits to residential property owners for proven flood proofing methods, beyond elevation; oppose unfunded mandates on local governments for mitigation efforts; modernize Increased Cost of Compliance to encourage mitigation.
- **Mapping** – Improve transparency, use the most effective technology, and include input from local governments; develop a method to pay for elevation certificates.
- **Solvency** – Further address repetitive loss properties; limit NFIP payments to Write Your Own (WYO) companies; increase the pool of policyholders through enforcement and expansion of the preferred risk policy; forgive the NFIP debt and reallocate interest payments to mitigation and solvency.
- **Consumer Protection** – Create a policy review process; regionalize Flood Insurance Advocates; amend force-placing provisions to keep policyholders in NFIP instead of a surplus line.
- **Privatization** – Require private insurers to cover the entire spectrum of risk (i.e. no cherry-picking of preferable policies); allow consumers that leave NFIP for the private market to re-enter NFIP; ensure private insurance market development does not undermine community flood mitigation through the Community Rating System.

Background: The National Flood Insurance Program has more than five million flood insurance policies providing 1.28 trillion in coverage with approximately 23,000 communities in 56 states and jurisdictions participating. The National Flood Insurance Program’s current authorization expired in 2017. Several national groups, such as the NACo NFIP Task Force and the Coalition for Sustainable Flood Insurance, have formed to work with Congress in drafting

legislation that would strike a balance between the affordability of the program with the need for fiscal solvency. NACo is committed to working with Congress and stakeholders on determining which elements of the original legislation, the Biggert-Waters Act, and the Homeowner Flood Insurance Affordability Act should be kept, amended, or discarded during the reauthorization process. Key issues must be properly handled during the reauthorization process to avoid the unintended consequences felt in 2013 following the passage of the Biggert-Waters Act. Unless reauthorized properly, the loss of the NFIP or drastic premium increases will threaten all of coastal and riverine America as new FEMA flood maps are unveiled in the coming years. The NFIP must be reauthorized such that the public's trust and reliance on the program to provide affordable flood insurance protection for prior investments in their homes and businesses is affirmed. In addition, the implementation of a transparent and fair process of amending flood maps is vital to the successful implementation of the program.

Fiscal/Urban/Rural Impact: Unless reauthorized in a responsible and affordable way, the loss of the National Flood Insurance Program would severely impact the housing markets throughout the country, make flood insurance premiums unaffordable, and improperly place properties in risk categories due to faulty flood risk maps. Without a strong flood insurance program, local tax revenue will be greatly impacted as home values plummet and local economies collapse. Because coastal counties generate 46% of the national GDP, and are typically the economic engines in their respective States and regions, the economic consequences will be significant, and will reverberate well beyond the coasts.

FEMA's new Risk Rating 2.0 will bring significant changes to NFIP and rates. We urge greater transparency, information sharing, and consideration of potentially significant impacts to premiums for properties in coastal and riverine communities of this new rating system in any new reauthorization.

Sponsors: Heather Carruthers, Commissioner, Monroe County-Fla; Police Jury Association of Louisiana (collectively); Julia Fisher-Perrier, Council, St. Charles Parish-La.; Timmy Roussel, Parish President – St. James Parish; Marnie Winter- Assistant Director Department of Environmental Affairs, Jefferson Parish –La.; Pat Brister, Parish President, St. Tammany Parish – La.; Natalie Robottom, Parish President, St. John the Baptist Parish – La. Arlanda Williams, Council, Terrebonne Parish – La.; Dennis Scott, District 6 Police Juror, Calcasieu Parish; James Cantrelle, President, Lafourche Parish; Robby Miller, President, Tangipahoa Parish; Benedict Rousselle, District 5 Councilman, Plaquemines Parish; Paul Naquin, District 9 Councilman At-Large, St. Mary Parish; Marty Black, Director of Coastal Restoration & Preservation, Terrebonne Parish, Larry Cochran, Parish President, St. Charles Parish