

Principles for Reauthorization of the National Flood Insurance Program

The National Flood Association (NFA) is a national, non-profit trade association comprised of members from diverse industries, each with an interest in the strength of the National Flood Insurance Program (NFIP) and the private flood insurance market. NFA's mission includes advocating for sound public policy, serving as a collective voice for our membership to Congress, FEMA, and the industry at large, facilitating collaborative working groups with stakeholders and providing educational resources through our annual conference, webinars, and other virtual offerings.

The NFA believes a strong NFIP is critical for the resilience of the Nation and upholds the following principles as key components of meaningful reform:

NFIP Viability and Solvency:

- The NFIP should be supported through a multi-year reauthorization. A multi-year reauthorization of the National Flood Insurance Program is critical to end the cycle of short-term extensions that repeatedly disrupt real estate markets, create coverage uncertainty, and undermine confidence in the program. This instability delays transactions where flood insurance is required and forces FEMA and stakeholders to operate in crisis mode, rather than advancing needed reforms on affordability, mitigation, mapping, and financial sustainability. A longer authorization would provide the certainty necessary for policyholders, lenders, and insurers while giving Congress the runway needed to evaluate reforms and strengthen the NFIP's role in managing the nation's most common and costly natural disaster.
- The variables used in NFIP rating and claim history for individual properties should be made available to affected property owners to promote transparency and better-informed decision-making about risk protection. Specifically, variables that affect rating such as distance to flood source, types and frequency of flooding, and property characteristics (e.g. cost to rebuild, occupancy, construction, foundation, number of floors, and lowest floor height) should be shared to help homeowners understand basis for premiums.
- Federal mitigation programs should continue and strengthen, with mitigation-based discounts benefiting individual policyholders while the underlying mitigation actions provide meaningful, community-wide protection and resilience.

Flood Insurance Availability and Affordability:

- Private flood insurance that meets established regulatory guidelines should continue to serve as coverage that complies with lending institutions' requirements for federally backed loans. Private flood insurance policies should be permitted to satisfy the NFIP's continuous coverage requirement. Under current policy, the NFIP removes policyholders' eligibility for the glide path to full risk rates if they choose to purchase private flood insurance and later return to the NFIP either by choice or due to lack of private flood insurance availability.
- The NFIP's solvency should be evaluated based on how well its rates support the actuarial soundness and long-term financial strength of the program.
- The creation of an affordability framework would strengthen the program by increasing the number of NFIP policies in force; such a framework should be based on policyholder need without requiring commensurate rate increases to maintain affordability.

Flood Hazard Mapping:

- The federal flood mapping program must continue to be the basis for the nation for the identification of areas of special flood hazards for purposes of the mandatory purchase requirement and local floodplain management requirements.
- The federal flood mapping program should also pursue additional non-regulatory flood risk identification data that can be used by stakeholders including property owners, state, local, tribal, and territorial governments, as well as private industry.

Mandatory Purchase and Lender Compliance:

- The flood compliance requirements placed on lending institutions should be simplified and risk based.
- Federal financial regulatory agencies should update the *Interagency Questions and Answers Regarding Flood Insurance* on a regular basis using the notice and comment period process.

As a trade organization representing a diverse group of flood risk management stakeholders, the NFA stands ready to support broad, bipartisan legislation that will bring certainty to the millions of policyholders who rely on the NFIP today and the millions more with homes and businesses in harm's way who can benefit from our collective efforts to close the flood insurance gap through NFIP or private flood insurance.

National Flood Association
Legislative Committee