

REAUTHORIZE THE NATIONAL FLOOD INSURANCE PROGRAM (NFIP)

ACTION NEEDED:

Urge your Members of Congress to support legislation that will reauthorize the National Flood Insurance Program (NFIP) and ensure the program is accessible and affordable for all county residents. Current authorization ends on September 30, 2022.

BACKGROUND:

NFIP was created by Congress under the National Flood Insurance Act of 1968 (P.L. 90- 448) to provide insurance coverage to property owners for damages and losses due to catastrophic flooding.

Today, the NFIP is administered by the U.S. Department of Homeland Security (DHS) through the Federal Emergency Management Agency (FEMA). The program aims to reduce the impact of flooding on private and public structures by providing affordable insurance to property owners, and by encouraging communities to adopt and enforce floodplain management regulations.

The NFIP was last reauthorized in 2012 when President Obama signed the Biggert-Waters Flood Insurance Reform Act of 2012 (P.L. 112-141). The NFIP's five-year reauthorization ended on September 30, 2017, and since then, the program has been funded by a series of short-term measures. The program is currently operating under an extension that will expire September 30, 2022.

The purpose of the 2012 Biggert-Waters Act was to make the NFIP solvent, as the program faced a \$24 billion deficit. However, the law resulted in some unintended consequences for local governments, residents and businesses: multiple counties, both coastal and inland, reported that homeowners and businesses experienced dramatic increases in annual NFIP flood insurance premiums due to phase-outs of subsidized premium rates. Additionally, due to a provision contained in the

THE NFIP PROVIDES INSURANCE COVERAGE TO PROPERTY OWNERS FOR DAMAGES AND LOSSES DUE TO CATASTROPHIC FLOODING. THE PROGRAM IS ADMINISTERED THROUGH THE FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)

THROUGH THE NFIP, FEMA PROVIDES DIRECT AID TO COMMUNITIES IN THE FORM OF GRANTS THAT ARE INTENDED TO HELP MITIGATE DAMAGE TO PROPERTY AND CRITICAL INFRASTRUCTURE

THE NFIP IS CURRENTLY OVER \$24 BILLION IN DEBT, AND NACo ENCOURAGES CONGRESS TO ONLY CONSIDER REFORMS TO THE PROGRAM THAT WILL NOT RESULT IN RATE INCREASES FOR LOW-INCOME HOMEOWNERS

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Biggert-Waters Act, FEMA began to update Flood Insurance Rate Maps (FIRMs), which included new low-lying areas that also began to face drastic rate increases.

In 2014, with NACo's support, Congress passed the Homeowner Flood Insurance Affordability Act (P.L. 113-89), which included several key reforms to the Biggert-Waters Act favorable to counties, including: grandfathering of premiums for properties built to code prior to the release of the updated Flood Insurance Rate Maps (FIRMs); retroactive refunds to NFIP policyholders if they paid a higher premium under Biggert-Waters; and the removal of a sales trigger that fully actualized premium rates at the point of sale for properties that were added to new flood zones.

As Congress works to reauthorize the NFIP, NACo is focused on engaging key members of Congress on the unintended negative impacts of the Biggert-Waters Act and trying to find remedies that will allow for participation from our nation's most vulnerable county residents, such as the National Flood Insurance Program Reauthorization and Reform Act of 2021 (S.3128/H.R. 5802). Introduced by U.S. Senators Bob Menendez (D-N.J.) and Bill Cassidy (R-La.) in November 2021, this legislation would extend the NFIP for five years and tackle systemic issues in the program by protecting policyholders from exorbitant premium hikes by capping annual increases at nine percent, providing affordability measures for low- and middle-income policyholders, freezing interest payments on the NFIP debt, and reinvesting savings towards cost saving mitigation efforts.

NACo supports increased funding for mitigation activities at the state and local level that will help communities invest in infrastructure improvements that mitigate potential property loss due to a catastrophic flood. Finally, NACo is focused on ensuring that any new legislative proposal would reauthorize the NFIP limit surcharges to new and existing flood insurance policies.

KEY TALKING POINTS:

- Congress should enact a long-term reauthorization of the NFIP. When the federal government uses short-term funding extensions, counties are often unable to effectively plan and implement a workable budget. The NFIP is currently operating under an extension that will expire on September 30, 2022.
- The National Flood Insurance Program Reauthorization and Reform Act of 2021 would provide a much-needed long-term reauthorization of the program, increase affordability for policyholders, and encourage more proactive mitigation efforts.



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