

2019 POLICY BRIEF

REAUTHORIZE THE NATIONAL FLOOD INSURANCE PROGRAM (NFIP)

QUICK FACTS

- 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

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.

BACKGROUND:

The National Flood Insurance Program (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. 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 funding measures. The program is currently operating under an extension that will expire May 31, 2019.

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 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, including restoring premium subsidies for low-income residents and those who are at a high risk of losing their homes due to a catastrophic flood.

NACo also 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 that would reauthorize the NFIP limit surcharges to new and existing flood insurance policies.

NACo's key policies related to the flood insurance program are focused in four areas, including rates for policy holders, the programs administration, flood zone mapping, and mitigation.

Rates: NACo's primary concern with rates is ensuring that they remain affordable for all eligible county residents and policy holders. Specifically, NACo supports ensuring all properties built prior to the release of Flood Insurance Rate Maps for their area continue to be eligible to receive rate-subsidies.

Program Administration: NACo is focused on engaging Congress to ensure that local property owners are not negatively affected by the program's administration. Specifically, counties are concerned with ensuring that premium payments on policies written under the Write Your Own Program are capped, as well as allowing more low-income county residents access to the program. This should help increase the number of overall policy holders in the program which helps spread risk.

The Write Your Own Program was started in the early 1980's and allows insurance companies to write and service flood insurance policies in their own names. The insurance companies then receive an expense allowance for policies written and claims processed, while the federal government retains the responsibility of underwriting the losses.

Mapping: NACo is focusing efforts on ensuring that accurate flood maps are made available, and that a transparent process is used in updating flood-maps nationwide. Through FEMA's flood hazard mapping program, the federal government assesses flood hazards as well as flood risks and uses the data to help guide mitigation efforts.

Ensuring that proper funding is allocated to update flood insurance risks maps is a key priority as it helps to determine which areas are eligible to receive grant funding for mitigation.

Mitigation: NACo is focusing efforts on ensuring that funding for flood-mitigation is increased.

Under section 1366 of the National Flood Insurance Act, FEMA is authorized to administer the Flood Mitigation Assistance grants program which provides funding to state, local and tribal governments for projects and planning that reduces or eliminates risk of damage to properties because of flooding. In FY 2018, Congress appropriated \$160 million for Flood Mitigation Assistance, a significant decrease in funding as compared to previous years. Counties urge Congress to increase that figure to \$250 million.

NACo also urges Congress to allow NFIP premiums paid by policy-holders to count towards community and homeowner mitigation efforts.

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 a short-term extension that will expire May 31, 2019

Flood insurance policy surcharges should be limited to maintain accessibility and affordability for homeowners. New surcharges could make flood insurance unaffordable for some policyholders

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