ASSOCIATION OF STATE FLOODPLAIN MANAGERS, INC.
575 D'Onofrio Drive, Suite 200, Madison, Wisconsin 53719 www.floods.org
Phone: 608-828-3000 | Fax: 608-828-6319 | asfpm@floods.org | www.floods.org

ASFPM Principles for NFIP Reauthorization and Reform
July 5, 2016

As flood losses increase, the nation will continue to need a robust, fiscally strong National Flood Insurance Program to reduce flood risk. The NFIP is far more than an insurance program. It is the nation's primary tool to identify and map flood hazard areas, assess flood risk, implement strong land use and building standards to prevent future disasters, and undertake mitigation to reduce damage to older at-risk buildings, in addition to providing flood insurance. ASFPM has established the following priorities for reauthorization of the NFIP in 2017:

- Reauthorize, fund and enhance the National Flood Mapping Program. Authorized by the 2012 reform act at $400 million annually, the NFMP is still desperately needed to map approximately 3 million miles of unidentified flood hazard areas, identify dam failure zones and maintain the existing inventory of 1.2 million miles of flood studies.

- Forgive the $23 billion debt. The NFIP, as designed by Congress, was never intended to fully repay claims from catastrophic events. Full repayment of interest and principal—especially as interest rates rise—undermines the financial stability of the NFIP and will be impossible to accomplish.

- Ensure a system where a strong NFIP co-exists with private sector flood policies. Require private flood providers to share in costs to maintain flood mapping and floodplain management efforts. Ensure changes to facilitate private flood policies do not harm other elements of the NFIP: mapping, mitigation and floodplain management.

- Address NFIP affordability issues that will re-emerge in the next three to five years. While ASFPM supports the continuation of the current glide path towards actuarial rates to facilitate accurate risk messaging and promote mitigation, flood insurance affordability was largely ignored in previous two reform bills and must be addressed now. Affordability subsidies should support mitigation, rather than subsidize insurance premiums only. We note that the congressionally-mandated studies on flood insurance affordability have been completed and look forward to FEMA's completion of the affordability framework. Also, there are several innovative ideas on flood insurance affordability that deserve consideration, such as those proposed by the Wharton School that links a subsidy voucher with a mitigation loan to reduce risk and lower flood insurance premiums.

- Support and strengthen the mitigation elements of the NFIP, especially Increased Cost of Compliance.

- Strengthen compliance with mandatory insurance provisions of the NFIP. Two areas are particularly problematic: owners maintaining flood insurance policies as a condition of loans after the first few years; and owners maintaining policies after receiving disaster assistance and/or after the three-year group flood insurance policy expires.