



## **ASFPM Detailed Priorities for NFIP Reauthorization and Reform**

Updated October 14, 2016

- **Reauthorize, fund and enhance the National Flood Mapping Program**
  - Support increased authorization (up to \$1.5 billion annually) to expedite the completion of flood mapping for every community in the United States within five years
  - Reiterate support for mapping future conditions as called for in BW 2012
  - Create new flood zones to better reflect risk (such as those for residual risk areas)
  - Prioritize high quality topography to accurately depict flood hazard areas
  - Prohibit/eliminate the LOMR-F and associated floodway creep
  - Require all A-Zones to be model based
  - Prohibit digital conversion of flood maps unless new engineering is done
  
- **Ensure parity between private sector flood insurance and the NFIP**
  - Require equivalency fee (equal to federal policy fee) on all first dollar private flood insurance policies to help pay for flood mapping and floodplain management
  - Allow lenders, not require them, to accept private policies
  - Ensure that consumers know limits and other differences between private flood insurance policies and NFIP policies
  - Require that private, first dollar flood policies have, at a minimum, comparable coverages, including a provision to pay for mitigation such as ICC
  - Ensure federal lenders and GSEs have flexibility to make their own risk management determinations, and are not forced to accept any policy approved by state insurance regulations
  - Ensure that the NFIP does not become only the insurance program of last resort / residual program so it only has the highest risk policies in its portfolio.
  - If private flood policies, at a minimum, have comparable coverages provide for seamless portability between NFIP and private policies to satisfy requirements of continuous coverage
  
- **Address affordability**
  - Implement a comprehensive affordability framework
  - Eliminate policy surcharge imposed by the HFIAA 2014 legislation
  - Subsidize mitigation, not insurance, to promote safety and affordability
  - Explore providing low cost mitigation loans under the umbrella of the Flood Mitigation Assistance program. The loans could be paid for by FMA. The property owner would repay the loan upon sale of the property

## ASFPM Detailed Priorities for NFIP Reauthorization and Reform (cont'd)

- **Support and enhance Increased Cost of Compliance**
  - If policy surcharge remains, use the proceeds of the surcharges imposed by the HFIAA 2014 legislation to support Increased Cost of Compliance (ICC) to boost mitigation and reduce losses to the Fund
  - Require FEMA to fully implement all aspects of existing ICC statutes within 1 year of 2017 NFIP reform
  - Increase ICC limit to at least \$60,000. This could be done in the context of requiring a co-pay percentage for ICC funds over \$30,000
  - Allow for ICC claims to be in addition to the maximum claim limit under the standard flood insurance policy
  - Allow ICC to be triggered by non-flood related damage events
  - Expand eligible items to be paid under ICC to be substantially similar to eligible items under the FEMA HMA grants
  
- **Support pre-disaster mitigation of at-risk structures**
  - Explore requiring annual FMA funding requests to support mitigating 5% of the repetitive loss properties each year
  - Ensure that FMA is also available for high at-risk properties that may not yet have suffered a loss
  - Require FEMA to develop and execute a comprehensive repetitive loss strategy including a requirement to go to full actuarial rates unless mitigation occurs after a certain number of claims
  
- **Other**
  - Forgive the current debt by recognizing it as emergency disaster expenditures and create an automatic, long-term mechanism within the NFIP that ensures, after a certain threshold of catastrophic events, the debt will be paid by the US Treasury after consideration of the balance of the reserve fund, utilization of reinsurance, and ability of the policy base at that time to repay
  - Improve insurance agent training to include mandatory training and continuing education
  - Consider some limitation on the maximum number of insurance claims per property. This will help limit taxpayer exposure but the limitations should be tied to mandatory mitigation assistance or otherwise face full actuarial rates
  - Consider the requirement that all property owners obtain and maintain flood insurance