



# PUBLIC POLICY

## NATIONAL FLOOD INSURANCE PROGRAM (NFIP) REAUTHORIZATION

### ACTION NEEDED:

Urge Congress to **SUPPORT** reauthorization of the NFIP with legislative, policy and programmatic modifications to ensure no coverage lapses and to improve the affordability, transparency, and financial stability of the program through reforms in the following areas: 1) Affordability/Rate Structure; 2) Mapping/Data Collection/Modeling; and, 3) Mitigation.

Urge Congress to **OPPOSE** any reauthorization efforts that are detrimental to policy holders, local governments, and the integrity of the program.

### BACKGROUND:

The State of Florida has an enormous stake in the National Flood Insurance Program (NFIP).

#### Consider the following:

- Of the nation's 5,107,714 flood policies, Florida has 1,770,452, representing 34.6% of the total.
- In 2018, FEMA reports that Florida paid more than \$974 million in premiums; or, 27.2% of the total.
- Assuming Florida payments to the NFIP represent, conservatively, 20% of all premiums paid, the State has contributed over \$10.2 billion in premiums since 2000.

#### Other States:

- Texas has the next highest number of policies at 748,865 policies, representing only 14.6% of the total.
- In 2018, FEMA reports that Texas paid \$435.1 million in premiums; or, 12.1% of the total.
- Since 1978, FEMA reports that Louisiana accounts for the most NFIP losses, with 452,375. Those losses total \$19,573,785,890.
- In contrast, since 1978 Florida has had 287,191 losses; or, 36% fewer losses than Louisiana. Loss payments to Florida policy holders total \$5,176,059,223.

#### Summary:

- Florida has more policies than any other state;
- Florida contributes more premiums than any other state;
- Florida has fewer flood claims than four of the nation's largest states, who collectively contribute a little more than Florida.





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## Bottom Line:

- Florida's proactive efforts to reduce disaster losses, coupled with its inordinate contribution to the program, should be reflected in any new NFIP reform legislation.

## **UPDATE:**

- The NFIP was set to expire on September 30, 2019, but was extended through November 21, 2019.
- In July, the House Financial Services Committee passed H.R. 3167 on a bipartisan 59-0 vote. Along with reauthorizing the program for five-years, the legislation would make key reforms to enhance and modernize NFIP. Provisions within the bill include:
  - Creating a five-year pilot program to provide means-tested assistance for low-income policy holders; however, the program does not account for geographic disparities in housing costs in certain coastal communities.
  - Providing \$500 million annually for updates to mapping technology to better predict future flood risk
  - Allocating \$200 million annually for the flood mitigation assistance grant program
  - Providing continuous coverage for policy holders who wish to explore flood insurance in the private market
- HR 3167 does not provide affordability protections for the more than 47,000 Florida policy holders who own businesses and/or second homes or rental properties. These properties are subject to premium increases as high as 25% per year.
- July 2019 - Bipartisan bills in both the U.S. House and the U.S. Senate were introduced to reauthorize and reform the NFIP. The bills, S. 2187 (sponsored by Sen. Robert Menendez (D-N.J.) and H.R. 3872 (sponsored by Rep. Frank Pallone, Jr. (D-N.J.)). Key provisions of the bills:
  - Authorizes the program for five-years to 2024.
  - Caps annual premium increases at 9 percent.
  - Expands coverage losses from \$250,000 to \$500,000 for residential properties
  - Creates a means-tested affordability program
  - Creates a new mitigation set-aside program
  - Creates two new mitigation loan programs
  - Provides \$400 million annual for mapping
- While HR 3167 includes provisions that are laudable, S. 2187 and HR 3872, of all of the NFIP reform bills, align more with FAC priorities.

