

September 12, 2016

Dear Chairman Shelby and Ranking Member Brown:

The undersigned organizations respectfully submit the attached Joint Trades' Principles for Flood Insurance Reauthorization and request that this letter and the attached Principles be included in the official record for your September 13, 2016, hearing entitled, "The National Flood Insurance Program: Reviewing the Recommendations of the Technical Mapping Advisory Council's 2015 Annual Report."

The attached Principles for Flood Insurance Reauthorization represent more than a year's work to identify and build broad support around basic ideas deemed essential to any reauthorization of the National Flood Insurance Program (NFIP). As such the Principles underscore the primary importance of long term reauthorization of the NFIP before the September 30, 2017, reauthorization deadline.

In addition to singling out the importance of timely NFIP reauthorization, the principles identify legislative and regulatory reform proposals to: (1) improve the customer experience for NFIP participants; (2) enhance and foster private market solutions for flood risk management in the United States; (3) maintain and improve flood risk mitigation; including (4) support for improved flood risk mapping to enable consumers, communities and the private sector to accurately evaluate, mitigate and price flood risk.

The undersigned organizations look forward to working with you and your colleagues to assure that the NFIP is reauthorized and reformed in advance of the September 30, 2017, reauthorization deadline.

Sincerely,

American Bankers Association
American Insurance Association
Council of Insurance Agents and Brokers
Financial Services Roundtable
The Independent Insurance Agents and Brokers of America
National Association of Mutual Insurance Committees
Property Casualty Insurers Association of America
Professional Insurance Agents

JOINT TRADES COALITION FLOOD REAUTHORIZATION PRINCIPLES

THRESHOLD ISSUES – Any public policy discussion of flood risk management in the United States should include: (1) solutions designed to increase the percentage of property owners who purchase flood insurance, and (2) long-term reauthorization of the National Flood Insurance Program (NFIP) before the September 30, 2017 expiration.

In keeping with the above noted principles, legislative/reform proposals that merit consideration fall within four broad categories

(1) **Improving the Customer Experience:** Enhancing the Write Your Own (WYO) program with a focus on improving the overall NFIP customer experience. Areas for inclusion include:

- a. Improving Disclosures
- b. Policyholder education
- c. Simplified underwriting
- d. Simplified claims handling (appeals process credibility, and litigation data reform)
- e. Reimbursement rate reaffirmation

(2) **Enhancing and Fostering Market Oriented Solutions:** A discussion of the development of private sector opportunities to encourage greater take-up rate for flood insurance and reduce taxpayer exposure should include:

- a. Explore making better, broader coverage available to consumers at rates that reflect risk
- b. Explore utilizing cat bond/ILS/Reinsurance market to lessen taxpayer obligation
- c. Access to government held claims data for underwriting purposes
- d. Repeal of WYO non-compete clause

(3) **Mitigation Issues:** Encouraging more policyholders to purchase flood insurance should include a conversation on issues surrounding mitigation. Topics for consideration should include:

- a. Property buy-out for SRLPs
- b. Continued NFIP supported mitigation efforts
- c. Continued availability of NFIP policy fees for mitigation

(4) **Mapping.** Reauthorization legislation should include a provision that ensures adequate mapping funding to enable consumers, communities and the private sector to accurately evaluate, mitigate and price flood risk.