



FINANCIAL SERVICES COMMITTEE DEMOCRATS

THE NATIONAL FLOOD INSURANCE PROGRAM

REAUTHORIZATION ACT OF 2019

Reauthorization

- The National Flood Insurance Program's (NFIP) authority will expire on September 30, 2019. In the event of a lapse, the NFIP would not be able to sell or renew flood insurance policies, start new mapping, continue certain floodplain management activities, or award mitigation assistance.
- The National Association of Realtors estimates that each month the NFIP's authorization lapses results in the delay or cancellation of around 40,000 home sale closings nationwide. Since Fiscal Year 2017, the NFIP has been carried by **twelve short-term extensions** and lapsed twice.

The National Flood Insurance Program Reauthorization Act of 2019 provides a five-year reauthorization of the NFIP

Affordability

- Following FEMA's botched implementation of the Biggert-Waters Act, flood insurance premiums spiked. To address these unintended consequences, Congress enacted the Homeowner Flood Insurance Affordability Act of 2014.
- HFIAA, among other things, called for an Affordability Framework to be submitted to Congress to outline and analyze several options for providing affordability assistance to policyholders.

The National Flood Insurance Program Reauthorization Act of 2019 creates an affordability demonstration program to provide premium discounts to low-income policyholders.

- To pay offset the costs of the law, HFIAA mandated surcharges on all policyholders, which are essentially taxes because they are not connected to actuarial risk.
- These surcharges cost homeowners and businesses between \$25 and \$250.

The National Flood Insurance Program Reauthorization Act of 2019 repeals these harmful surcharges.

Mapping

- The NFIP is responsible for developing flood insurance rate maps, which provide the basis for setting insurance rates, identifying properties whose owners are required to purchase flood insurance, and establishing floodplain management standards.
- Policyholders and communities are in need of more accurate, granular, and up-to-date flood maps.

The National Flood Insurance Program Reauthorization Act of 2019 increases funding for mapping, calls for up-to-date technology, and expands mapping.

Mitigation

- It is estimated that every \$1 spent on mitigation saves \$4. Despite the taxpayer savings, policyholder and communities are in need of increasing funding, and enhanced opportunities to elevate or move out of harm's way.

The National Flood Insurance Program Reauthorization Act of 2019 increases funding for mitigation assistance to policyholders and communities, expands opportunities for buy-outs, targets resources for high-risk properties, and provides premium discounts to policyholders that make their structures more resilient.