

**TESTIMONY OF  
FRANKLIN W. NUTTER  
PRESIDENT  
REINSURANCE ASSOCIATION OF AMERICA**

**UNITED STATES HOUSE  
COMMITTEE ON  
FINANCIAL SERVICES  
SUBCOMMITTEE ON HOUSING, COMMUNITY  
DEVELOPMENT AND INSURANCE**

**HEARING ON  
“REAUTHORIZATION AND REFORM OF THE  
NATIONAL FLOOD INSURANCE PROGRAM”**

**MAY 25, 2022**

Chairman Cleaver, Ranking Member Hill, and members of the Subcommittee on Housing, Community Development and Insurance, thank you for the opportunity to testify during today’s hearing on “Reauthorization and Reform of the National Flood Insurance Program,” and thank you for your interest in the U.S. property casualty (re)insurance industry.

I am Frank Nutter, President of the Reinsurance Association of America (RAA). The RAA is the leading trade association of property and casualty reinsurers doing business in the United States. RAA membership is diverse, including reinsurance underwriters and intermediaries licensed in the U.S. and those that conduct business on a cross border basis. The RAA also has life reinsurance affiliates and insurance-linked securities (ILS) fund managers and market participants that are engaged in the assumption of property/casualty risks. The RAA represents its members before state, federal and international bodies.

The RAA appreciates the Committee starting a formal conversation on reauthorization and reform of the NFIP. The RAA supports a long-term reauthorization of the NFIP and reforms, specifically those that:

- Strengthen NFIP’s financial framework and resiliency,
- Facilitate the development of a private flood insurance market,
- Close the flood insurance protection gap, and
- Create resilient and insurable communities.

## **Introduction**

A guiding principle of the Federal government’s natural disaster policy should be to protect U.S. taxpayers by managing the nation’s escalating natural disaster risks, reducing those risks over the long-term, and promoting environmental stewardship. The NFIP was established on the fundamentally sound principles of encouraging natural disaster mitigation and promoting the use of insurance to reduce post event disaster assistance. In 1973, George Bernstein, the first Federal Insurance and NFIP Administrator, cautioned prophetically: “It is the combination of land use controls and full actuarial rates for new construction that makes the National Flood Insurance Program an insurance program rather than a reckless and unjustifiable giveaway program that could impose an enormous burden on the vast majority of the Nation’s taxpayers without giving them anything in return.”

For decades, Bernstein’s warning was ignored, and today the NFIP remains on the U.S. Government Accountability’s (GAO) “High Risk List,” where it has been since 2006.<sup>1</sup> As of FEMA’s most recent NFIP financial statement, the Program is \$20.5 billion in debt.<sup>2</sup> According to the most recent GAO report that examined NFIP policies with subsidized rates, 17% remained subsidized and around 9% were receiving grandfathered rates, meaning that “property owners whose properties are remapped into higher-risk flood zones... continue to pay the premium rate from the lower-risk zone.”<sup>3</sup> GAO also anticipates an increase in the frequency and severity of floods, the number of catastrophic floods, and the number of repetitive loss properties, the latter of which accounted for \$22.2 billion (32%) of the \$69.7 billion in claims paid by NFIP from 1978 to 2019.<sup>4</sup>

Subsidized rates were introduced early in the Program as an inducement for communities to enter the Program. It was a successful strategy. Nearly 22,000 communities now participate. However, it was the intent of the original legislation that subsidized rates and the properties to which they apply would to be gradually eliminated. For decades, rates in the NFIP were subsidized without regard to the present character or ownership of the property. Additionally, the Program originally was designed to address primary residences, yet second homes, investment, and vacation properties received the benefit of subsidized rates for decades. Congress should recognize that subsidized rates and statutory caps on rates may be popular with beneficiaries, but subsidized rates and caps distort risk assessment by builders, local officials, property buyers and NFIP policyholders. They increase the cross subsidy from low or no risk persons and taxpayers to those living in high-risk flood areas. The classic “robbing Peter to pay Paul” analogy applies. The Program’s subsidies also have facilitated the development of environmentally sensitive coastal areas, including those at high risk to flood losses.

For the first four decades of the program, NFIP was modified by legislative compromises, rather than sound public policy, insurance principles and practices. Congress and FEMA should be commended, however, for recently taking steps to address these fundamental flaws in the NFIP and toward removing inequitable and unjustifiable rate subsidies. As a result, the NFIP is today on a path toward a stronger financial framework and resiliency to pay claims without additional

---

<sup>1</sup> <https://www.gao.gov/high-risk-list>; <https://www.gao.gov/highrisk/national-flood-insurance-program>

<sup>2</sup> [https://www.fema.gov/sites/default/files/documents/fema\\_fy2022-q1-watermark.pdf](https://www.fema.gov/sites/default/files/documents/fema_fy2022-q1-watermark.pdf)

<sup>3</sup> <https://www.gao.gov/assets/gao-20-508.pdf>

<sup>4</sup> <https://www.gao.gov/assets/gao-20-508.pdf>

borrowing from taxpayers. The RAA urges Congress to avoid retreating from this progress and strongly encourages Congress to fully examine reforms that will improve the program to the benefit of those with homes, businesses, and communities facing flood risk and taxpayers alike.

### **Strengthen NFIP's Financial Framework and Resiliency**

As it currently operates, the NFIP is not an insurance program. But it should and can be, and thanks to the “National Flood Insurance Program Extension Act” (NFIP Extension Act) and the “Biggert-Waters Flood Insurance Reform Act of 2012” (Biggert-Waters), it is on a path toward becoming an insurance program.<sup>5</sup> That legislation introduced private sector risk assessment into the NFIP therein retaining the proper role for government in land use planning and hazard mitigation and re-establishing the flood risk management program as a public-private partnership. FEMA’s implementation, over the last decade, of the NFIP Extension Act, Biggert-Waters, and the “Homeowner Flood Insurance Affordability Act of 2014 (HFIAA),” introduced fuller application of risk-based rates and an appropriate risk-bearing role for the private reinsurance sector, which have started to transform the NFIP. Specifically, FEMA improved NFIP’s financial framework and resiliency by successfully establishing the NFIP Reinsurance Program and updating the NFIP’s risk rating methodology through the implementation of Risk Rating 2.0 (RR 2.0), a new pricing methodology. Future flood reform legislation, at a minimum, should preserve and support these initiatives to continue to strengthen NFIP’s financial framework and resiliency so that it can pay claims, especially after catastrophic events. By continuing down this path, the NFIP could achieve the goal of protecting taxpayers and the Treasury, thereby returning the Program to its original goal of being fiscally sound.

### ***Reinsurance***

**Background.** Reinsurance is essentially insurance for insurance companies. It is a successful, critical, and efficient risk management tool used by private sector companies and government programs to provide a crucial safety net for low frequency, high severity natural and man-made events that result in extreme insured losses. Reinsurance helps the private sector companies and government programs improve capacity and financial performance, enhance financial security, and reduce financial volatility. Insurers rely on reinsurers to assume losses for a single event or, in many cases, for an accumulation of losses from hurricanes, earthquakes, winter storms, wildfires, or terrorist attacks. Some historic events illustrate this. Hurricanes Katrina, Rita and Wilma in 2005 caused over \$92 billion in insured losses, and reinsurers bore around 28% of the losses from those events.<sup>6</sup> Reinsurers assumed 55% of \$41 billion in insured losses from the terrorist events of September 11.<sup>7</sup> Superstorm Sandy caused \$25 billion in insured losses with reinsurers taking 30% of those losses.<sup>8</sup>

Reinsurance also is the primary mechanism for spreading risk globally, thereby accessing a greater pool of capital to pay for inevitable catastrophic losses. Reinsurance is extensively used by the private markets to diversify risk and protect against future losses. Reinsurance is purchased for essentially four reasons: (1) to limit liability on specific risks; (2) to stabilize loss experience; (3)

---

<sup>5</sup> Public Law No: 112-123, <https://www.congress.gov/112/plaws/publ123/PLAW-112publ123.pdf>; Public Law 112-141, <https://www.congress.gov/112/plaws/publ141/PLAW-112publ141.pdf>

<sup>6</sup> Holborn Corporation, “Holborn Perspectives, Looking Closer At...SuperStorm Sandy,” December 12, 2012

<sup>7</sup> Holborn Corporation, “Holborn Perspectives, Looking Closer At...SuperStorm Sandy,” December 12, 2012

<sup>8</sup> Holborn Corporation, “Holborn Perspectives, Looking Closer At...SuperStorm Sandy,” December 12, 2012

to protect against catastrophes; and (4) to increase capacity. Depending on the purchaser's goals, different types of reinsurance contracts are available to bring about the desired result.

For Federal programs, purchasing reinsurance can mitigate the financial impact of any large-scale future losses and help to prevent any future funding lags as it is pre-arranged financing for losses. Reinsurance also allows Federal programs to gain financial flexibility and not be forced to rely on emergency Federal funding in the event of defaults that could put programs in jeopardy. Reinsurance has been used by Federal programs, including FEMA's NFIP, the Export-Import Bank of the U.S., and the Government Sponsored Enterprises, Fannie Mae and Freddie Mac. It also has been used by state programs, including the California Earthquake Authority, California Wildfire Fund, Florida Hurricane Catastrophe Fund, and Florida Citizens Property Insurance Corporation.

Consistent with the intent of Congress, reinsurers believe the private sector can and should voluntarily assume more Federal government risk and help manage exposure to losses. The use of private capital will protect consumers, taxpayers, and communities, while spreading risk throughout the globe to insurers and other capital providers who are willing to assume such risk. Risk transfer via reinsurance and the capital markets will strengthen government programs by giving them the financial flexibility to ensure they continue to remain viable in the long term. Reinsurers are poised to work with the Congress and the Administration to expand and maximize the Federal government's utilization of the private market to the extent the industry can write the risk.

**FEMA's NFIP Reinsurance Program.** The RAA supports FEMA's NFIP Reinsurance Program and requests that it be preserved in NFIP reauthorization and reform legislation.<sup>9</sup> The RAA has long advocated for the NFIP to utilize the private market to help manage the financial burden of the NFIP's catastrophic flood risk. The NFIP Reinsurance Program has successfully enlisted private reinsurance and capital, which has strengthened the NFIP's resilience and ability to pay policyholder claims after catastrophic floods and helped to protect taxpayers against NFIP losses following an extreme flooding event. The benefit of the NFIP Reinsurance Program was evident when over \$1 billion in reinsurance was recovered by FEMA to pay claims resulting from Hurricane Harvey in 2017 (additional details below). In 2022, for the sixth consecutive year, FEMA successfully administered its NFIP Reinsurance Program that transfers risk from the NFIP to the capital markets, specifically through reinsurance placements and catastrophe bond issuances.

As noted above, several Federal government agencies already have risk transfer programs in place. These programs highlight the ways in which risk transfer can succeed for government agencies. The best example of an ongoing Federal risk transfer program is FEMA's NFIP Reinsurance Program. The NFIP Reinsurance Program enables the NFIP to utilize the private market to help manage the financial burden of the NFIP's catastrophic flood risk by providing financial backing for the government's flood risk, protecting taxpayers, and helping the program to be more resilient and pay claims. In 2016, FEMA, launched its NFIP Reinsurance Program via a pilot and, in 2017, transferred \$1.042 billion of the NFIP's financial risk to 25 reinsurers, offsetting some of NFIP's risk to the private sector instead of U.S. taxpayers. In the program's first year (2017), FEMA collected the full \$1.042 billion from the private reinsurance sector to help pay the cost of NFIP

---

<sup>9</sup> <https://www.fema.gov/flood-insurance/work-with-nfip/reinsurance>

losses and claims resulting from Hurricane Harvey. This 2017 coverage, which also improved NFIP's financial viability and protected taxpayers, cost \$150 million, and the program successfully renewed the subsequent year. This is a true testament of successful private public partnerships. Following the 2017 placement, the program was renewed and currently has reinsurance coverage through 2025. For FEMA's traditional reinsurance placements from 2017 through February 2022 and capital market reinsurance placements from 2018 through February 2022, FEMA paid a total of \$1.75 billion in premium to reinsurers and the capital markets, received \$1.042 billion from reinsurers as previously mentioned, and has up to \$2.664 billion available to collect after a qualifying 2022 loss event.<sup>10</sup> The initial 2017 purchase marked key first steps towards helping the NFIP achieve long term resilience and financial stability and was crucial in enabling the reinsurance program to be a long-term project.

The RAA also supports H.R. 3417, the "Taxpayer Exposure Mitigation Act," introduced by Representative Blaine Luetkemeyer (R-MO), which "requires FEMA to purchase reinsurance or some capital market alternative to protect taxpayers from footing the bill for future losses."<sup>11</sup> The bill enhances the NFIP Reinsurance Program and includes important factors for FEMA to consider as part of risk transfer.

### ***Risk-Based Pricing***

After enactment of the NFIP Extension Act, Biggert-Waters, and the HFIAA, FEMA undertook a process to better protect taxpayers and manage the nation's escalating risk of flooding by improving its risk rating methodology. As stated on its website, "FEMA is updating the National Flood Insurance Program's (NFIP) risk rating methodology through the implementation of a new pricing methodology called Risk Rating 2.0. The methodology leverages industry best practices and cutting-edge technology to enable FEMA to deliver rates that are actuarially sound, equitable, easier to understand and better reflect a property's flood risk."<sup>12</sup> The RAA strongly supports RR 2.0, which would more precisely reflect the real risk of flooding of properties with more advanced actuarial tools and catastrophe models.

**Key Takeaways from FEMA's Public NFIP Data.** FEMA publicly released data on the impact of RR 2.0 on current NFIP policies for the first year of its implementation. Based on this data, the RAA developed an analytical tool to understand the data and RR 2.0's potential impact on NFIP policyholders. Separately, FEMA publicly released general, historical NFIP data, and RAA is developing a separate analytical tool to understand that data. FEMA's data has provided a variety of insights about the improvements RR 2.0 made over the previous NFIP risk rating methodology.

For context, NFIP provides flood insurance to around 5 million policyholders. Of these, around 3.4 million (67%) are policies for single family homes, including primary residences, second homes and vacation properties, as well as dwelling contents. Around 1.6 million (33%) are policies for commercial, multifamily, and other structures. FEMA's publicly available RR 2.0 data

---

<sup>10</sup> <https://www.fema.gov/press-release/20220223/fema-expands-its-reinsurance-program-transfers-450-million-flood-risk>; <https://www.fema.gov/flood-insurance/work-with-nfip/reinsurance>; [https://www.fema.gov/sites/default/files/documents/fema\\_fy-2021-q4-watermark.pdf](https://www.fema.gov/sites/default/files/documents/fema_fy-2021-q4-watermark.pdf); [https://www.fema.gov/sites/default/files/2020-05/FIMA\\_Watermark\\_FY19Q4.pdf](https://www.fema.gov/sites/default/files/2020-05/FIMA_Watermark_FY19Q4.pdf); <https://www.fema.gov/sites/default/files/2020-05/fima-watermark-2018-q4.pdf>; [https://www.fema.gov/sites/default/files/documents/fema\\_fy2022-q1-watermark.pdf](https://www.fema.gov/sites/default/files/documents/fema_fy2022-q1-watermark.pdf)

<sup>11</sup> <https://luetkemeyer.house.gov/news/documentsingle.aspx?DocumentID=400530>

<sup>12</sup> <https://www.fema.gov/flood-insurance/risk-rating>

generally distinguishes between single family policies and all other policies and is provided at a zip-code level. FEMA has not publicly released more granular data to distinguish among single family policies - primary residences, second homes, vacation properties, and dwelling contents.

FEMA's data demonstrates that around 1.1 million (23%) of NFIP policyholders' premiums are expected to decrease in the first year under RR 2.0, which to our knowledge, has never occurred during the NFIP's history and would not have occurred under FEMA's previous pricing methodology. Under FEMA's pricing methodology that preceded RR 2.0, all NFIP policyholders' premiums were scheduled to increase. As a result of RR 2.0, 23% of NFIP policyholders collectively are scheduled to save an estimated \$41 million. Under RR 2.0, around 66% of NFIP policyholders' premiums will remain stable, meaning that they will have no increase (\$0.00) or an increase of up to \$10 per month. In total, around 89% of NFIP policies will see a decrease in their premium or have a stable premium, as compared to the 100% of NFIP policyholders' premiums that were scheduled to increase under FEMA's previous pricing methodology.

Under RR 2.0, as was the case under FEMA's previous pricing methodology, some policyholders' premiums for single family residences will increase. Specifically, around 7% of policyholders' premiums for single family residences will increase by a modest amount, \$10 to \$20 per month. And around 4% of policyholders' premiums for single family residences will increase by a large amount, \$20 or more per month.

To better understand the impact of decreases and increases to policyholders' premiums for single family residences, the RAA conducted an analysis of FEMA's RR 2.0 data against income data derived from the "American Community Survey" (ACS) by the U.S. Census Bureau, U.S. Department of Commerce.<sup>13</sup> The results of this analysis conclude that:

- There are around 495,000 NFIP single family residence policies located in low to moderate-income zip codes for which premiums will *decrease* under RR 2.0. These policies represent around 15% of all NFIP single family residence policies. Of all NFIP single family residence policies, around 100,000 are in low to moderate-income zip codes *and* have premiums that are scheduled to decrease by \$100 or more per month. As noted above, 0% of policyholders' premiums would have decreased under FEMA's previous pricing methodology.
- There are around 78,000 NFIP single family residence policies located in low to moderate-income zip codes for which premiums will *increase* by a large amount (\$20 or more per month). These policies represent around 2.97% of all NFIP single family residence policies, which are fewer than the approximately 3.32% of all NFIP single family residence policies located in low to moderate-income zip codes for which premiums would have increased by a large amount under FEMA's previous pricing methodology. Of all NFIP single family residence policies, around 300 are located in low to moderate-income zip codes and have premiums that are scheduled to increase by \$100 or more per month.

---

<sup>13</sup> The RAA's analytical tool price-parity-adjusted ACS income data using price parity factors from the U.S. Department of Commerce, Bureau of Economic Analysis. As previously noted, FEMA's data on policies for single family residences does not distinguish among primary residences, second homes and vacation properties, and dwelling contents. The RAA preliminarily estimated, with point-in-time, general NFIP data and separate and previous to RR 2.0 – that 38% of NFIP single family residence policies are non-primary residences.

Appendix A includes a distribution of RR 2.0 premium changes by single family policy count and estimated premium amounts under RR 2.0, and it also categorizes changes by zip code level median household income.

**Affordability.** Separately, the RAA has confirmed with FEMA that under the current RR 2.0 pricing methodology, the maximum annual premium amount for a single family residence policy for 2022 is \$12,125. Under FEMA’s previous pricing methodology, the maximum any NFIP single family policyholder paid was \$45,925.<sup>14</sup>

In addition, it should be noted that single family residence policies that are primary residences will continue to be subject to the 18% statutory cap on annual rate increases, which Congress enacted as part of the “Homeowner Flood Insurance Affordability Act of 2014 (HFIAA).” That annual cap applies unless those structures are deemed severe repetitive loss properties. That said, the RAA recognizes that it may be challenging for some NFIP policyholders faced with significant flood risk to pay their flood insurance premiums and offers its assistance to Members of Congress to help develop targeted, need-based solutions for individual policyholders and, in some cases, a community of policyholders. The RAA has a broader proposal, discussed below, to use a data-driven approach to identify communities that are the most in need and most at risk of natural disasters, especially those that are at risk of flooding, and prioritizing and directing public funding and private sector investments to improve resilience in those communities.

According to FEMA, “The goal of Risk Rating 2.0 is to deliver easy-to-understand premiums that are distributed more equitably across all policyholders based on the replacement cost value of their home and their property’s unique flood risk.”<sup>15</sup> In other words, FEMA’s previous pricing methodology failed to take into consideration property-specific replacement cost value and property-specific flood risk, so some policyholders were overpaying for their NFIP flood insurance. FEMA released data comparing RR 2.0 to its previous pricing methodology, and the RAA’s analysis of that data (Appendix B, Single Family NFIP Policies) clearly demonstrates that, under RR 2.0, higher premium increases are attaching on average to higher value properties. But, if the previous pricing methodology remained in place, higher premium increases would be attaching on average to lower value properties. FEMA’s data demonstrates that its RR 2.0 pricing methodology is more equitable, especially for policyholders with low-value properties. A recent NPR article also described this RR 2.0 impact for select neighborhoods in the Philadelphia, Pennsylvania area.<sup>16</sup>

**Build for Future Disasters.** The RAA supports bipartisan legislation, the “Build for Future Disasters Act of 2021” (H.R. 2632), introduced by Representatives Scott Peters (D-CA) and Andy Barr (R-KY), “...to end the costly cycle of building, flooding, and rebuilding perpetuated by the NFIP. The Build for Future Disasters Act would end NFIP subsidies for newly-constructed properties in areas vulnerable to flooding. Properties built in 2025 and thereafter would be subject to rates that reflect up-to-date flood risk information. These new constructions would not qualify for a subsidy, while structures built before 2025 in flood zones or re-mapped into flood zones would still be eligible for grandfathering subsidies. The bill also requires the U.S. Government Accountability Office to study the feasibility and implications of lowering all subsidies to a point

---

<sup>14</sup> <https://www.nahb.org/-/media/NAHB/advocacy/docs/top-priorities/flood/risk-rating-fact-sheet.pdf>

<sup>15</sup> [https://www.fema.gov/sites/default/files/documents/fema\\_nfip-flood-insurance-manual-sections-1-6\\_oct2021.pdf](https://www.fema.gov/sites/default/files/documents/fema_nfip-flood-insurance-manual-sections-1-6_oct2021.pdf)

<sup>16</sup> <https://why.org/articles/flood-prone-eastwick-federal-flood-insurance-pricing-system/>

that puts the NFIP on a path to stronger financial footing. Together, this would reduce taxpayer burden, stop growing government risk, and quash the implication the risk must be low if insurance is cheap.”<sup>17</sup> The RAA applauds Reps. Peters and Barr for recognizing that the vicious cycle of build-flood-rebuild is not in the best interests of the NFIP, nor the American taxpayers who are ultimately on the hook for the costs associated with the program.

Unfortunately, one of the draft bills under consideration, as part of today’s hearing, would “limit the annual increases in premiums and surcharges under [NFIP].”<sup>18</sup> The draft bill would eliminate “catastrophic loss years” as part of the calculation of an “average historical loss year” as part of FEMA’s method to determine rates for NFIP policies. The same draft bill reduces the current 18% cap to 9% for the maximum allowable cost increase (to include chargeable premiums, surcharges, and fees) for any individual policy, regardless of a policyholder’s income level. This change would result in an immediate reduction in the scheduled premium increases for second homes, vacation homes, and investment, business, and other commercial properties, Severe Repetitive Loss properties, mis-rated and lapsed policies, and policies where an offer of mitigation assistance has been refused by the owner. The RAA opposes this draft bill in its current form.

### **Facilitate Development of a Private Flood Insurance Market**

Flood reform legislation should facilitate the development of a private flood insurance market with the NFIP risk-based pricing reforms mentioned above, by removing impediments to consumer choice, and by increasing flood insurance options for consumers.

**Removing Impediments to Consumer Choice.** Flood insurance uncertainty for consumers, as it relates to continuous coverage and potential rate increases by the NFIP, is an impediment to consumers buying private flood insurance and limits consumers’ choices. Insurance agents and brokers have stated that “...the risk of a substantial NFIP rate increase should the consumer later wish to return to the NFIP often makes insurance agents and brokers hesitant to recommend private flood insurance policies.”<sup>19</sup> It is important that Congress and FEMA provide consumers with clarity about continuous coverage compliance so that current and future NFIP policyholders are confident that they have complied with the law’s continuous coverage requirements by having an NFIP or private flood insurance policy. For example, if a consumer leaves the NFIP to secure a private flood policy with better coverage and a better price and later re-assumes an NFIP policy, so long as the consumer had continuous coverage, that NFIP policy should be at the same rate and terms as if the consumer had continuously maintained an NFIP policy.

The RAA supports H.R. 4699 introduced by Representatives Kathy Castor (D-FL) and Blaine Luetkemeyer (R-MO) to amend the National Flood Insurance Act of 1968 (NFIA) to “consider any period during which a property was continuously covered by private flood insurance to be a period of continuous coverage, including for the purposes of NFIP subsidies.”<sup>20</sup> In two previous Congresses, similar legislation had broad bipartisan support. In 2016, by a vote of 419-0, the House passed a similar provision as part of H.R. 2901 and, in 2017, by a vote of 58-0, the House Financial Services Committee passed a similar provision as part of H.R. 1422.

---

<sup>17</sup> <https://scottpeters.house.gov/media-center/press-releases/rep-peters-barr-reintroduce-bipartisan-bill-to-discourage-costly>;

<https://barr.house.gov/2021/4/rep-barr-peters-reintroduce-bipartisan-bill-to-discourage-costly-development-in-flood-prone-areas>

<sup>18</sup> <https://financialservices.house.gov/uploadedfiles/bills-117pih-nfipratecap.pdf>

<sup>19</sup> <https://financialservices.house.gov/uploadedfiles/hhrg-116-ba00-wstate-heidrickc-20190313.pdf>

<sup>20</sup> <https://www.congress.gov/bills/117th-congress/house-bill/4699/text?q=%7B%22search%22%3A%5B%22%22%5D%7D&r=7&s=1>



**Increasing Flood Insurance Options for Consumers.** Congress should modernize the part of the National Flood Insurance Act (NFIA) that has not been used or updated in over 40 years to give FEMA additional tools to encourage additional private market participation, including capital, in offering flood insurance, which would benefit consumers and taxpayers.

When enacted in 1968, over 50 years ago, the NFIA incorporated two approaches to provide consumers with flood insurance, Part A and Part B. The NFIP operates under Part B with the Federal government assuming the full underwriting risk subject to the risk transfer program mentioned above. Congress should modernize Part A of the NFIA and clarify that FEMA can use its authorities simultaneously with the Part B program. Re-purposing and modernizing the statutory language in Part A would give FEMA additional tools to partner with private insurers, facilitate the participation of private insurers in NFIP on a risk-sharing basis, further improve NFIP's viability, increase the NFIP's resources to pay claims, and increase flood insurance opportunities for consumers. Part A reforms also can lead to a stronger public-private partnership, give private insurers experience in underwriting flood risk, and help close the flood insurance coverage gap.

The Part A statutory language currently authorizes the FEMA Administrator to facilitate and assist the creation of a pool of insurers on a risk sharing basis with the federal government to provide flood insurance through their network of agents and policyholder relationships. Under the statute, the Administrator defines the qualifications of insurers for the pool and risk capital to be provided. The Administrator is authorized to enter a contractual relationship with the pool defining the insured risk to be retained and the government's risk through its reinsurance of the pool. Pursuant to the statute, the financial arrangement recognizes that the NFIP provides subsidies to certain policyholders.

The RAA specifically recommends that NFIP reauthorization and reform legislation include the amendment offered to the "National Flood Insurance Program Reauthorization Act of 2019" and then withdrawn by Representative Blaine Luetkemeyer (R-MO) during the House Financial Services Committee's June 11-12, 2019 mark up.<sup>21</sup> The amendment language would: (1) require FEMA to solicit ideas for risk-sharing demonstration programs; (2) provide FEMA with authority, but not require it, to conduct risk-sharing demonstration programs; and (3) make technical amendments to the NFIA Part A authority, which FEMA can use for risk-sharing demonstration programs.

### **Close the Flood Insurance Protection Gap**

Homeowners and renters, property owners, mortgage investors, taxpayers, and communities face risks due to natural disaster risks and the lack of insurance coverage or underinsurance of such coverage. There is a serious and significant natural disaster insurance protection gap in the U.S. The Department of the Treasury's Federal Insurance Office's (FIO) Federal Advisory Committee on Insurance (FACI) has a subcommittee dedicated to addressing it. Several RAA members serve on both the FACI and the "Subcommittee on Addressing the Protection Gap through Public-Private

---

<sup>21</sup> <https://financialservices.house.gov/calendar/eventsingle.aspx?EventID=407747>;  
<https://financialservices.house.gov/calendar/eventsingle.aspx?EventID=403829>

Partnerships and Other Mechanisms.” During FACI’s December 2019 meeting, the Subcommittee cited statistics to provide examples of the insurance protection gap in the U.S. and issued recommendations that FHFA should consider.<sup>22</sup> The National Association of Insurance Commissioners (NAIC) has published alarming statistics about the disaster insurance protection gap. For example, one NAIC statistic cited in the Subcommittee’s presentation is that “Only 1% of properties outside of flood zones have flood insurance, yet half of U.S. floods occur in these areas.” Various studies and reports, including a 2018 report by AIR Worldwide (now Verisk), have warned that the next big earthquake to impact California, likely by 2044, could result in \$170 billion in total damage and almost half would be residential-related loss, \$37 billion of which would be uninsured.<sup>23</sup> Given the likelihood of future, significant, and costly natural disasters throughout the U.S. and uninsured residential costs, it is important to have a coordinated effort focusing on closing the insurance protection gap.

Congress, the Administration, the NAIC, state and local officials, and the private sector, including reinsurers, should develop a comprehensive strategy to identify and address the natural disaster insurance protection gap in the U.S. and the risks it poses to homeowners and renters, property owners, individuals, businesses, and federal programs and taxpayers. It also is important to close the insurance protection gap. Congress and Federal regulators should help initiate efforts to close the insurance protection gap via traditional insurance and risk transfer. Congress and Federal regulators can further facilitate a private market for flood insurance, potentially providing consumers with more flood insurance options. One way to achieve this is for the Federal Housing Finance Agency (FHFA) and HUD’s Federal Housing Administration (FHA) to align their regulations and/or guidance for private flood insurance with those issued in 2019 by Federal lending regulators.<sup>24</sup> (In 2020, HUD issued a proposed regulation to align its FHA regulations and guidance with that of the 2019 Federal lending regulators, but HUD has not issued its final regulation<sup>25</sup>).

### ***Primary Insurance***

Traditional insurance solutions – such as primary property insurance protection, including flood insurance – are critical for people, property, jobs, businesses, and communities to be resilient in the aftermath of natural disasters. That is especially true since Federal disaster assistance is provided only when there is a Federally declared disaster and typically results in a fraction of what insurance assistance can provide. For example, according to FEMA, the average, annual flood insurance premium was \$700 (about \$58 per month) in 2019, and the average claim payout was \$53,000.<sup>26</sup> Meanwhile, in 2019, Federal disaster assistance was capped at \$34,900 with an average annual payment of \$6,246.<sup>27</sup> Ensuring that the protection gap is bridged, and property insurance adequately covers the climate and natural disaster risk(s) involved are of utmost importance. Risk transfer products that protect each stakeholder from natural disaster risks can play an important role.

---

<sup>22</sup> [https://home.treasury.gov/system/files/311/December2019FACI\\_ProtectionGapPresentation.pdf](https://home.treasury.gov/system/files/311/December2019FACI_ProtectionGapPresentation.pdf);

[https://home.treasury.gov/system/files/311/December2019FACI\\_ProtectionGapProposedRecs.pdf](https://home.treasury.gov/system/files/311/December2019FACI_ProtectionGapProposedRecs.pdf)

<sup>23</sup> <https://www.air-worldwide.com/Publications/Infographics/Who-Will-Pay-for-the-Next-Great-California-Earthquake/>

<sup>24</sup> <https://www.fdic.gov/news/financial-institution-letters/2019/fi119008.html>

<sup>25</sup> <https://www.federalregister.gov/documents/2020/11/23/2020-25105/acceptance-of-private-flood-insurance-for-fha-insured-mortgages>;

[https://www.hud.gov/press/press\\_releases\\_media\\_advisories/HUD\\_No\\_20\\_191](https://www.hud.gov/press/press_releases_media_advisories/HUD_No_20_191)

<sup>26</sup> <https://www.fema.gov/data-visualization/historical-flood-risk-and-costs>

<sup>27</sup> <https://www.federalregister.gov/documents/2018/10/22/2018-22884/notice-of-maximum-amount-of-assistance-under-the-individuals-and-households-program>; FEMA communication with RAA, 4/16/2021

## **Create Resilient and Insurable Communities**

People and communities across the U.S. rely on both public insurance programs and private insurance coverage. If little is done to mitigate or pre-mitigate the exposure of these people and communities to natural disaster risks, especially extreme weather risks, the U.S. will eventually develop uninsurable communities, and people and communities will be reliant upon disaster assistance from the Federal government, which has largely been proven to be inadequate to help people fully recover. As the severity and frequency of natural disasters continue to increase, the RAA believes a variety of solutions should be used to improve community resilience to the benefit of all those in the value chain of natural disaster risk exposure.

Some traditional solutions, like property insurance protections for homeowners as described above certainly can and should be utilized, but new analytical capabilities that increasingly and intelligently can help reduce risk and prioritize and direct public and private sector resources to achieving that goal also should be pursued.

In December 2019, the National Institute of Building Sciences issued its U.S. Department of Housing and Urban Development-funded “Natural Hazard Mitigation Saves” report.<sup>28</sup> The report describes that federal disaster mitigation has saved \$6 for every \$1 invested since 1995. Other mitigation-related activities, such as updating building codes to ensure resilient structures, and investments can save between \$4 and \$11 for every \$1 spent. Investing in mitigation can reduce the impact of future disasters on lives, property, and the economy. Congress and the Administration can increase these investments by directing both public and incentivizing private sector resources to support resilience projects.

**Community Disaster Resilience Zones.** The RAA has developed another analytical tool, largely based on FEMA’s National Risk Index for Natural Hazards (NRI) data, and its comprehensive Community Disaster Resilience Zones, or CDRZ, proposal to use a data-driven approach to direct public and incentivize private sector investment to improve resilience, including affordable housing resilience, in the most in need and most at risk communities facing significant natural disaster risk(s), including the risk of flooding. The Community Disaster Resilience Zones (CDRZ) Act of 2022 (S. 3875/H.R. 7242), the first bipartisan and bicameral bills of the proposal were introduced in March and voted on and advanced, with no opposition, by the U.S. Senate and House Committees of jurisdiction in March and April, respectively, to the full chambers for debate and a vote. The CDRZ Act of 2022 would amend the 1988 “Robert T. Stafford Disaster Relief and Emergency Assistance Act” to establish a statutory structure to identify and designate CDRZ communities that are the most in need and most at risk to natural disasters, such as hurricanes, flooding, earthquakes, and wildfires, to increase public and private sector investments in housing, infrastructure, and community-wide resilience. The bill is supported by a diverse, RAA-led coalition of 30 national organizations. The RAA would like to work with this Committee and other Committees in Congress on additional CDRZ-related legislation, and with key Federal agencies to direct public funds and private sector investment to projects that improve resilience in vulnerable communities.

---

<sup>28</sup> <https://www.nibs.org/projects/natural-hazard-mitigation-saves-2019-report>

**Additional Reform Priorities.** FEMA’s Flood Mitigation Assistance (FMA) Program and Building Resilient Infrastructure and Communities (BRIC) program, U.S. Department of Housing and Urban Development programs, the U.S. Department of the Treasury’s Capital Magnet Fund, and other Federal programs should direct funding resources toward achieving housing and natural disaster resilience for “extremely low- and very low-income households” that face significant natural disaster risk and that expose taxpayer-backed Federal housing programs to natural disaster risks.<sup>29</sup>

In general, the RAA also recommends that the Financial Stability Oversight Council (FSOC) and all of its members prioritize natural disaster resilience efforts for federally funded and federally backed residential properties in communities that are the most in need and most at risk from significant natural disaster(s).

The RAA also supports using financing mechanisms and the tax code to leverage Federal spending and provide states, communities, homeowners, and businesses with incentives to improve building resilience and better protect against the natural disaster risks they face, including:

- As part of its CDRZ proposal (generally described above), to help fund resilience projects in or primarily benefitting CDRZ communities, legislation to create Federal:
  - Taxable direct pay bonds, federally subsidized bonds issued by state and local governments for local projects that support community resilience,
  - Tax-exempt facility private activity bonds, federally tax-exempt bonds from which proceeds would be utilized by private or quasi-governmental entities to fund resilience projects that benefit a public purpose,
  - Transferrable tax credits for individuals for resilience improvements to housing,
  - Tax credits for charitable contributions for resilience projects, and
  - Tax credits for community-level projects that are tradeable, transferrable, and do not expire, and allow proceeds from the sale of certified tax credits to be used to, for example, meet matching requirements for federally funded resilience projects.
- The “Protecting Families and the Solvency of the National Flood Insurance Program Act of 2022” (H.R. 7842) to “...authorize FEMA to provide additional mitigation assistance to families affected by flooding, and address the problems of delays in buyouts for communities facing repetitive losses.”<sup>30</sup>
- The “State Flood Mitigation Revolving Fund Act” (H.R.1610/S.2192-116<sup>th</sup>) to establish a new Federal-state partnership to provide low-interest loans for projects, such as elevation projects, flood-proofing activities, relocation or removal of buildings, and other projects.<sup>31</sup>

---

<sup>29</sup> <https://www.hudexchange.info/programs/htf/>; <https://www.cdfifund.gov/programs-training/programs/cmf>

<sup>30</sup> <https://casten.house.gov/media/press-releases/casten-blumenauer-introduce-bill-help-communities-facing-flood-damage>

<sup>31</sup> <https://www.pewtrusts.org/-/media/assets/2019/03/state-flood-mitigation-revolving-fund-supporters-draft-3-11-2019.pdf>

- The “Disaster Tax Relief Act of 2021” (H.R.3954) provisions that, like federal disaster mitigation grants, would exempt from federal taxation state disaster mitigation grants that help people protect their homes against windstorms, earthquakes, or wildfires,<sup>32</sup> and
- The “Strengthening Homes and Eliminating Liabilities Through Encouraging Readiness (SHELTER) Act (H.R.3925/S.1805) to provide individuals and businesses a disaster mitigation tax credit, specifically 25% of qualifying mitigation expenses of up to \$5,000.<sup>33</sup>

As a member of the SmarterSafer Coalition, the RAA supports the Coalition’s priorities in relation to policies pertaining to climate resiliency and pre-disaster mitigation:

- Enhance infrastructure-related research, including that which pertains to climate risk, and match new findings from new research with advanced pre-disaster mitigation plans and investment in pre-disaster mitigation,
- Ensure the benefits of climate research, technological modernization, and pre-disaster mitigation efforts reach vulnerable communities that are oftentimes those most adversely impacted by climate change,
- Invest in natural and climate resilience infrastructure projects, and pair natural infrastructure with more traditional (grey) infrastructure to reap the maximum benefits from both entities and receive twice the protection,
- Improve infrastructure resilience in America’s floodplains, as envisioned in the “Flood Risk Management Act” (S. 1688), the “Flood Resiliency and Taxpayer Savings Act” (H.R. 481) and the “Built for Future Disasters Act of 2021” (mentioned above); and consider and address the racial inequities inherent in federal disaster assistance and hazard mitigation assistance programs that reflect and perpetuate discriminatory practices and historic redlining,
- Protect the housing stock as the inverse relationship between climate change and access to safe housing continues to get stronger,
- Facilitate and strengthen public-private partnerships, such as transferring risk to private financing, insurance, and reinsurance to shift some of the financial burdens associated with climate change from the government’s balance sheet to willing private sector participants to improve the implementation of federal programs,
- Direct Federal funds to outcome-driven projects that strengthen communities and reduce long-term risk, such as requiring stronger minimum design standards and incorporate forecasts of future conditions for federal infrastructure investments, as envisioned in the “Build to Last Act” (S.1282/H.R.2760),<sup>34</sup>

---

<sup>32</sup> <https://mikethompson.house.gov/newsroom/press-releases/thompson-announces-introduction-of-disaster-tax-relief-act-of-2021>

<sup>33</sup> [https://www.cassidy.senate.gov/newsroom/press-releases/cassidy-bennet-introduce-new-tax-credit-for-working-families-small-businesses-preparing-for-natural-disasters-;](https://www.cassidy.senate.gov/newsroom/press-releases/cassidy-bennet-introduce-new-tax-credit-for-working-families-small-businesses-preparing-for-natural-disasters-) <https://cris.house.gov/news/documentsingle.aspx?DocumentID=2386>

<sup>34</sup> [https://www.smartersafer.org/about-us/;](https://www.smartersafer.org/about-us/) <https://www.smartersafer.org/2021/07/15/smartersafer-infrastructure-priorities-letter/>

- Fully implement Risk Rating 2.0 and support its mission to equitably price risk across all NFIP policyholders,
- Procurement of modernized FEMA flood maps that better identify changes in flooding patterns and movements in flood risk to better communicate who is at risk and the level of risk faced, and
- Enhanced interagency coordination to ensure that all agencies across government benefit from improved communication, data, and technology that will assist in both pre-disaster mitigation and post-disaster recovery efforts.

As a member of the BuildStrong Coalition, the RAA supports the Coalition’s work to further the achievements of the bipartisan “Disaster Recovery Reform Act of 2018,” which significantly increased America’s investment in pre-disaster mitigation to help communities protect against disaster risk. The RAA supports the “Resilient AMERICA Act” (H.R. 5968), including the bill’s objectives to:

- Increase disaster mitigation funding for FEMA’s Building Resilient Infrastructure and Communities (BRIC) program,
- Provide incentives for state and local communities to strengthen and enforce building codes,
- Invest in risk-reducing enhancements to improve the resilience of lifeline infrastructure,
- Create incentives and investments that help to improve resilience, and
- For state, local, and tribal governments, provide resources and eliminate barriers to enhance resiliency and protect against all hazards.<sup>35</sup>

## **Conclusion**

The above-mentioned reforms can further facilitate the development of a private flood insurance market and improve the viability of the NFIP. The RAA strongly supports RR 2.0, which would more precisely reflect the real risk of flooding of properties with more advanced actuarial tools and catastrophe models. The reinsurance market is interested and has the capacity to underwrite flood insurance risk, including extreme flood risk, in the public NFIP program, private market, and any future public-private flood insurance partnerships. Actions taken in recent years by some states, such as Florida, have demonstrated the interest and benefits of private insurers assuming a broad cross-section of risk, and the same would result from the above flood insurance reforms. Reinsurers stand ready to partner with both the private- and public-sectors as the flood market transitions.


The RAA looks forward to continuing to work with Subcommittee Chairman Cleaver, Subcommittee Ranking Member Hill, Financial Services Committee Chairwoman Waters,

---

<sup>35</sup> <https://buildstrongamerica.com/about-us/>; <https://homeland.house.gov/imo/media/doc/2021-06-08-EPRR-HRG-Testimony-Williams.pdf>

Financial Services Committee Ranking Member McHenry, and other members of the Committee on legislation that provides a long-term reauthorization of the NFIP and reforms that strengthen NFIP's financial framework and resiliency, facilitate the development of a private flood insurance market, close the flood insurance protection gap, and create resilient and insurable communities. Thank you for your consideration of our views and recommendations. The RAA and its members welcome the opportunity to meet with you about our views and recommendations, provide a briefing on FEMA's RR 2.0 data, work with you to develop a long-term NFIP reauthorization and reform bill, or answer any questions you may have.

# APPENDIX A



**RWA**  
Real Estate  
All Rights Reserved

## Custom Analysis (Nationwide to Zip Code)

Congressional District Zip Match Level  
▼ Quarterly

Price Point Adj. Median HH Income Rating  
▼ (All)

Primary County  
▼ (All)

Zip Code  
▼ (All)

MP Policies or SRH Only  
▼ Single Family Only

Source: <https://www.freddi.com/RealEstate/custom-analysis.html>

	< -\$100	-\$100 to \$90	-\$90 to \$80	-\$80 to \$70	-\$70 to \$60	-\$60 to \$50	-\$50 to \$40	-\$40 to \$30	-\$30 to \$20	-\$20 to \$10	\$0 to \$10	\$10 to \$20	\$20 to \$30	\$30 to \$40	\$40 to \$50	\$50 to \$60	\$60 to \$70	\$70 to \$80	\$80 to \$90	\$90 to \$100	> \$100	
<b>Very Low</b>	23,099	3,262	3,960	4,591	5,570	6,538	7,280	8,242	10,401	15,013	31,450	346,830	28,850	7,842	1,816	346	164	90	36	21	17	18
<b>Relatively Low</b>	36,695	4,934	5,632	6,560	7,465	8,405	9,446	10,766	13,184	23,325	65,327	725,981	86,333	26,539	5,120	915	441	202	121	60	53	100
<b>Relatively Moderate</b>	40,135	4,533	5,082	5,745	6,327	6,848	7,595	8,263	10,332	23,700	64,899	767,607	80,399	25,161	6,103	1,250	573	266	151	84	74	194
<b>Relatively High</b>	23,205	2,259	2,451	2,659	2,702	2,991	3,322	3,776	4,825	15,140	42,471	479,743	31,590	11,520	3,625	839	373	198	105	53	69	168
<b>Very High</b>	4,984	350	376	381	400	447	495	542	670	3,377	7,293	67,828	5,684	2,472	967	206	69	36	15	12	7	17
<b>Grand Total</b>	128,118	15,338	17,481	19,936	22,464	25,229	28,138	31,589	39,412	80,555	211,440	2,392,099	231,856	73,534	17,631	3,556	1,620	792	428	230	220	497

### Count Percentage Distribution by Range and MHHI Category

	< -\$100	-\$100 to \$90	-\$90 to \$80	-\$80 to \$70	-\$70 to \$60	-\$60 to \$50	-\$50 to \$40	-\$40 to \$30	-\$30 to \$20	-\$20 to \$10	\$0 to \$10	\$10 to \$20	\$20 to \$30	\$30 to \$40	\$40 to \$50	\$50 to \$60	\$60 to \$70	\$70 to \$80	\$80 to \$90	\$90 to \$100	> \$100	
<b>Very Low</b>	4.55%	0.64%	0.78%	0.90%	1.10%	1.29%	1.43%	1.62%	2.05%	2.96%	6.20%	68.74%	5.69%	1.55%	0.36%	0.07%	0.03%	0.02%	0.01%	0.00%	0.00%	0.00%
<b>Relatively Low</b>	3.53%	0.47%	0.54%	0.63%	0.72%	0.81%	0.91%	1.04%	1.27%	2.24%	6.28%	70.12%	8.21%	2.55%	0.49%	0.09%	0.04%	0.02%	0.01%	0.01%	0.01%	0.01%
<b>Relatively Moderate</b>	3.77%	0.43%	0.48%	0.54%	0.59%	0.64%	0.71%	0.78%	0.97%	2.22%	6.09%	72.06%	7.55%	2.36%	0.57%	0.12%	0.05%	0.02%	0.01%	0.01%	0.01%	0.02%
<b>Relatively High</b>	3.66%	0.36%	0.39%	0.42%	0.43%	0.47%	0.52%	0.60%	0.76%	2.39%	6.70%	75.66%	4.98%	1.82%	0.57%	0.13%	0.06%	0.03%	0.02%	0.01%	0.01%	0.03%
<b>Very High</b>	5.16%	0.36%	0.39%	0.39%	0.41%	0.46%	0.51%	0.56%	0.69%	3.49%	7.55%	70.19%	5.88%	2.56%	1.00%	0.21%	0.07%	0.04%	0.02%	0.01%	0.01%	0.02%
<b>Grand Total</b>	3.83%	0.46%	0.52%	0.60%	0.67%	0.75%	0.84%	0.94%	1.18%	2.41%	6.32%	71.58%	6.94%	2.20%	0.53%	0.11%	0.05%	0.02%	0.01%	0.01%	0.01%	0.01%

### \$ Amount of Monthly Premium Change by Range and MHHI Category

	< -\$100	-\$100 to \$90	-\$90 to \$80	-\$80 to \$70	-\$70 to \$60	-\$60 to \$50	-\$50 to \$40	-\$40 to \$30	-\$30 to \$20	-\$20 to \$10	\$0 to \$10	\$10 to \$20	\$20 to \$30	\$30 to \$40	\$40 to \$50	\$50 to \$60	\$60 to \$70	\$70 to \$80	\$80 to \$90	\$90 to \$100	> \$100	
<b>Very Low</b>	-2,425,395	-309,890	-336,600	-344,325	-362,050	-359,590	-327,600	-288,470	-260,025	-225,195	-157,250	1,744,150	432,750	196,050	63,560	15,570	9,020	5,850	2,700	1,785	1,615	1,890
<b>Relatively Low</b>	-3,852,975	-468,730	-478,720	-492,000	-485,225	-462,275	-425,070	-376,810	-320,600	-340,875	-326,635	3,644,905	1,279,995	663,475	179,200	41,175	24,255	13,130	9,075	5,100	5,035	10,500
<b>Relatively Moderate</b>	-4,214,175	-430,635	-430,270	-430,875	-411,255	-376,640	-341,775	-289,205	-258,300	-355,500	-324,495	3,838,035	1,205,985	629,025	213,605	56,250	31,515	17,290	11,325	7,140	7,030	20,370
<b>Relatively High</b>	-2,436,525	-214,605	-208,335	-199,425	-175,630	-164,505	-149,490	-132,160	-120,625	-227,100	-212,355	2,398,715	473,860	288,000	126,875	37,755	20,515	12,870	7,875	4,505	6,555	17,640
<b>Very High</b>	-523,320	-33,250	-31,960	-28,575	-26,000	-24,585	-22,275	-18,970	-16,750	-50,655	339,140	85,260	61,800	33,845	9,270	3,795	2,340	1,125	1,020	665	1,785	1,785
<b>Grand Total</b>	-13,452,390	-1,457,110	-1,485,885	-1,495,200	-1,460,160	-1,387,595	-1,266,210	-1,105,615	-985,300	-1,208,325	-1,057,200	11,964,945	3,477,940	1,838,350	617,085	160,020	89,100	51,480	32,100	19,550	20,900	52,185



**Year 1 Change in Premium (Risk Rating 1.0 vs. Risk Rating 2.0)**

