

# Reform NFIP Letter to House and Senate Leadership

Dear Chair Brown, Ranking Member Scott, Chair McHenry, and Ranking Member Waters,

We write to express our strong support for a long-term reauthorization of the National Flood Insurance Program (NFIP), as well as advancing key reforms that prioritize affordability, transparency, and policyholder protection. The NFIP is a vital program that provides a lifeline to policyholders across the country when faced with devastating floods. The current NFIP authorization expires on September 30, 2024, (1) so it is imperative that Congress act in the next few months.

Refining the NFIP is especially important this year, as insurance premiums have increased dramatically due to the Federal Emergency Management Agency's (FEMA) implementation of Risk Rating 2.0. (2) Under Risk Rating 2.0, policyholders are facing challenges with affordability, transparency, and policyholder protections. Congress has a responsibility to step in and protect American policyholders before the next major storm hits.

1 P.L. 118-47

2 Fed. Emergency Mgmt. Agency, Cost of Flood Insurance for Single-Family Homes under NFIP's Pricing Approach, U.S. Dep't of Homeland Sec., <https://www.fema.gov/flood-insurance/work-with-nfip/risk-rating/single-family-home> (last updated Jan. 19, 2024).

Unfortunately, Risk Rating 2.0 has made NFIP unaffordable for many Americans. Under the new Risk Rating 2.0 methodology, policyholders experienced more than a \$900 increase in annual flood insurance premiums. (3) Affordability improvements, including capping annual premium increases at a rate lower than the 18% set in Risk Rating 2.0 and targeted means-tested assistance, would strengthen the program. The reforms would allow for increased participation and result in fewer Americans dropping their coverage.

To make matters worse, policyholders have no clarity into the formulas to understand why their premiums have risen so significantly under Risk Rating 2.0. Transparency improvements such as a premium calculator would require FEMA to explain the calculations for premium rates. It would also incentivize the very mitigation measures that make homes more resilient against flooding by providing insight into the value of mitigation.

Risk Rating 2.0 also leaves NFIP policyholders without key flexibilities on how to pay for their flood insurance. Without the option of monthly payments, policyholders would have to pay the entire \$900 increase in premiums at once. Furthermore, providing policyholders with a grace period to renew their coverage represents a key improvement that would support Americans if they are away from their home when the notice arrives.

Congress keeps kicking the can down the road by authorizing 30 short-term extensions of the NFIP. Policyholders and storm survivors who have dutifully paid their premiums for years are being left behind as many of them have dropped their coverage, putting more communities at risk of economic disaster from flooding. We urge you to pass a long-term reauthorization that puts policyholders first and fixes the issues experienced by communities across the country before the end of September.

Thankfully, Senator Bill Cassidy, Representative Frank Pallone, and other key partners are working on a bipartisan and bicameral basis to reauthorize and refine the NFIP ahead of its expiration. We appreciate their efforts and encourage you to work together to advance legislation that extends the important NFIP and makes thoughtful changes in transparency, claims handling, and affordability to provide policyholders with the best security in case extreme flooding hits.

Coalition for Sustainable Flood Insurance  
GNO, Inc.