



September 27, 2017

Dear Representative,

On behalf of the undersigned organizations, we urge you to support passage of language helping to create a functioning private flood insurance market, prior to raising the borrowing cap for the National Flood Insurance Program (NFIP). The program is \$25 billion in the red and is on the verge of being unable to repay the debt it owes, or fund payouts to repair areas destroyed by Hurricanes Harvey, Irma, and Maria. In the last Congress, private flood insurance legislation (encompassed in the Ross-Castor Flood Insurance Market Parity and Modernization Act) was unanimously [approved](#) by the committee and passed the House in a vote of 419-0.

Everyone in the House - from the most conservative members to the most liberal, from the most flood-prone districts to the driest - voted in favor of Ross-Castor. The reason is simple: instead of forcing all homeowners into a one-size-fits-all plan through the government-run NFIP, it would give homeowners the *option* of a tailored private policy by clarifying that a private plan can satisfy the purchase mandate for those living in the floodplain. Any objections to advancing this sensible reform now are not rooted in genuine policy objection, but rather in political gamesmanship. Representatives should reject these cynical ploys and insist upon moving the vitally important Ross-Castor language prior to raising NFIP's borrowing cap or reauthorizing the program.

Taxpayers and policyholders deserve a system that is stable, and provides affordable flood insurance, while also appropriately accounting for risk. A functioning private flood insurance market can help to achieve that. For instance, [research](#) conducted by Milliman, Inc. found that roughly 69% of Louisianian and 92% of Texan homeowners could see lower premiums from private insurers.

Research shows that the main beneficiaries of government subsidized flood insurance are not low-income families, but wealthy homeowners on waterfront properties. These subsidies distort the market by creating incentives to build in disaster-prone areas, passing much of the disaster

risk onto taxpayers. A recent [study](#) found that because the NFIP does not use income to determine eligibility for the program, it results in higher income earning Americans paying disproportionately less for benefits, compared to low and middle-income policyholders.

Permitting a private market to foster competition and choice will help to more accurately price risk, reducing danger to homeowners and costs to taxpayers. We encourage you to support passage of the Ross-Castor private flood language prior to raising NFIP's borrowing cap.

Sincerely,

National Taxpayers Union

R Street Institute

Taxpayers for Common Sense