



Feb. 24, 2016

Dear Member,

We commend the House Financial Services Committee for taking up H.R.2901, Flood Insurance Market Parity and Modernization Act of 2015, sponsored by Reps. Dennis Ross and Patrick E. Murphy. This legislation affirms and clarifies Congress' intent in Section 239 of the Biggert-Waters Flood Insurance Reform Act of 2012 to encourage a vibrant private market in flood-insurance products that would compete with the taxpayer-subsidized offerings of the National Flood Insurance Program.

After a series of major catastrophes that include Hurricane Katrina and Superstorm Sandy, the NFIP remains more than \$20 billion in debt to U.S. taxpayers and has been on the nonpartisan Government Accountability Office's list of high-risk federal programs since 2006. Prospects to shrink the program's \$1.1 trillion of total property exposure rely on the emergence of private-sector solutions. Thankfully, a growing number of insurers and reinsurers are expressing interest in taking on flood risk and legislation to license and regulate private flood insurers have progressed in states like Florida, Connecticut, Pennsylvania and West Virginia.

While Biggert-Waters expressly allowed that private flood insurance could be used to satisfy federal lending requirements, the current statutory language only clears the way for a relatively limited set of admitted policies. H.R. 2901 would defer to states' expertise in insurance regulation to develop appropriate guidelines for qualifying policies, including those written through the excess and surplus lines markets. It also offers an important clarification that any period in which a property was covered either by an NFIP policy or a private policy should be considered to constitute "continuous coverage."

H.R. 2901 is a commonsense legislation and represents another important but modest step toward flood insurance reform. We encourage Congress to give both it and its Senate counterpart – S. 1679, sponsored by Sen. Dean Heller – prompt consideration in the weeks ahead.

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