

Statement on Reforms to the National Flood Insurance Program (NFIP)

WASHINGTON, Monday, February 7, 2011 — The National Association of Professional Insurance Agents (PIA) today reaffirmed its support for reforms to the National Flood Insurance Program (NFIP). For decades, the private insurance industry has been almost entirely unwilling to underwrite flood insurance because of the catastrophic nature of these disasters. This situation has not changed. While the program is in need of substantive reforms, the need for the NFIP is not diminished.

The Majority staff of the House Financial Affairs Committee has indicated that the committee will review and consider reforms to the NFIP. PIA strongly supports this plan and recommends that the committee use as a starting point the Flood Insurance Reform and Priorities Act of 2010, which was passed overwhelmingly on a bipartisan basis in the House last year.

The Flood Insurance Reform and Priorities Act of 2010 provided for much-needed reforms to the NFIP, including increasing NFIP coverage limits, phasing in actuarial property rates and phasing out premium subsidies for severe repetitive loss properties, second and vacation homes, and policyholders who voluntarily allow flood coverage to lapse. In addition, it made business interruption and additional living expense coverages available at actuarial cost. These are elements that should be included in any new legislation.

PIA also reiterates its call for Congress to include as a part of a comprehensive NFIP reform bill a five-year reauthorization, to prevent the kind of repetitive lapses in the program which have led to delays in real estate closings, causing market instability and uncertainty at a time when our nation is struggling to build a sustainable economic recovery.

There is broad, bipartisan consensus that the National Flood Insurance Program is a vital component of America's economic prosperity that provides affordable protection to homeowners and business owners. The NFIP has been protecting America from flood risks since its inception over 40 years ago. PIA strongly supports the NFIP.

Founded in 1931, PIA is a national trade association that represents member insurance agents and their employees who sell and service all kinds of insurance, but specialize in coverage of automobiles, homes and businesses. PIA members are *Local Agents Serving Main Street America SM*. PIA's web address is www.pianet.com.