

NAR & SMARTERSAFER: FLOOD INSURANCE REFORM PRINCIPLES

The National Flood Insurance Program (NFIP) provides important insurance coverage for over 5 million Americans. However, the program is \$23 billion in debt, and does not do enough to encourage people to mitigate their risks. As currently structured, the NFIP is unsustainable for policyholders and taxpayers alike. With the NFIP up for federal reauthorization in 2017, Congress must act soon to reauthorize and reform the program.

In order to strengthen the NFIP, the National Association of REALTORS® (NAR) and the SmarterSafer coalition encourage congressional leaders to reauthorize and improve the program before it expires in 2017. We urge Congress to use the following principles which both NAR and SmarterSafer agree to:

Strengthen NFIP while Encouraging a Robust Private Market

NFIP should be reauthorized and strengthened. To allow for greater consumer choice, reforms to NFIP should be coupled with a robust private flood insurance marketplace. We support reducing barriers to private flood insurance and allowing consumers to move freely back and forth while maintaining continuous coverage.

Ensure consumers are charged fair rates and have access to mitigation

The NFIP should not only better align insurance rates to property risk but also proactively mitigate risk. Merely subsidizing policy holder premiums ultimately keeps homeowners in harm's way. But a mitigation-centered approach will ensure reasonable rates and prevent devastating flood losses.

Enhance affordability for those who need it most

Where premiums are set to rise, they should be phased-in gradually, and Congress should ensure there is assistance for those who cannot afford risk-based rates. We believe that subsidizing mitigation would be the most cost effective approach to rate reduction-- for property owners and taxpayers alike.

Assist consumers with flood mitigation efforts

Mitigation should be encouraged and Congress should consider a variety of tools to assist Americans most at risk including increasing the ease and access to current FEMA mitigation tools.

Modernize flood maps for better risk assessment

Rates should accurately reflect risk, but risk must be assessed based on accurate maps using the best data and technology available.

Use the most accurate risk assessment tools available

FEMA should be required to use the most accurate and granular risk assessment tools that provide elevation or proxies for elevation so that the burden is not on homeowners to determine risk.