

Flood Insurance

NCOIL – Property & Casualty Committee
November 16, 2017

NFIP Reauthorization

- NFIP extended to Dec. 8, 2017 – w/Harvey Disaster Relief Fund bill
- Political positions now farther apart – post Harvey/Irma/Maria (HIM)
- Ross-Castor private flood bill has become a political football
 - FAA bill
 - Supplemental disaster relief bill
 - Budget / continuing resolution
- Administration supporting private flood (+ 15 other reforms)
- House/Senate passed/WH signed - \$16 billion in NFIP debt relief

NFIP Reauthorization Issues

- Emphasis still on long term reauthorization (without a lapse)
- New construction eligibility – commercial & residential
- Claims Handling Litigation – Sandy (2%) vs. Baton Rouge (<1%) vs. HIMN (?)**
- Increasing the number of properties protected
 - Majority of consumers had no flood coverage in Baton Rouge – 2016
 - Similar gap for Harvey and Irma
 - NFIP policyholder base is shrinking – now less than 5 million

*FEMA **I.I.I. Report

House Flood Insurance Reform Package

- House passed a long-term reauthorization package on Nov. 14
 - Includes Ross-Castor bill – lender acceptance of private sector policies
 - Reduces WYO reimbursement for administration by 3% over three years
 - Caps rate changes at 15% - down from 18% - Max. policy cost \$10,000
 - Includes claims reforms – timeframes, litigation oversight
 - Sets up a program for states to address affordability issues
 - Addresses mapping and map appeals issues
 - Allows lenders to require flood insurance – even if outside the floodplain
 - Extends the program to Sept. 30, 2022
- The Senate ???