



Flood Insurance September 2019 update

PIA-supported NFIP reauthorization passed House Committee on Financial Services

The House Committee on Financial Services unanimously passed H.R.3167, the National Flood Insurance Program Reauthorization Act, sponsored by Rep. Maxine Waters (D-Calif.) with support from the ranking Republican on the committee, Rep. Patrick McHenry (R-N.C.). The committee unanimously passed a second, similar reauthorization bill, H.R.3111, the NFIP Administrative Reform Act, sponsored by Rep. Nydia Velazquez (D-N.Y.). The NFIP has not been substantively reformed since 2012 and will expire Sept. 30, 2019.

PIA supports both pieces of legislation as top priorities for independent agents. Both bills would reauthorize the NFIP for five years, providing stability after two years of short-term extensions. Neither bill includes cuts to the Write-Your-Own rates, an important inclusion to protect agents from cuts to commissions for selling NFIP policies. The bills include the grandfathering of rates with a vital continuous coverage provision that will protect subsidized rates even if policyholders choose to move between the public and private markets. Provisions to invest in mitigation and improved mapping are included. While the bills do include a push toward risk-based rates, they have limits on the annual rate increase. Both bills would extend the NFIP for five years.

PIA opposes Senate-led NFIP reform

While the House makes progress to reauthorize and reform the NFIP, Sen. Bob Menendez (D-N.J.) has introduced a separate reauthorization and reform bill that PIA opposes. The bill, S.2187, has been introduced in the House as H.R.3872 by Rep. Frank Pallone (D-N.J.). The bill would reduce the WYO reimbursement rate to 22.46%, a drastic reduction that would likely cause a large reduction in agent commissions. Although introduced, neither the Senate or House versions of this bill have made further progress. PIA opposes the Menendez-sponsored legislation in favor of the House bills.