



## **Flood Insurance Reauthorization and Restructuring**

### **Summary of the Problem**

Reauthorization of the Flood Insurance program is a top priority for NAMB. The National Flood Insurance Program (NFIP) needs to be reauthorized and restructured in order to help stabilize the housing market. Insufficient map topographic detail or accuracy can result in the unwarranted determination of Special Flood Hazard Area (SFHA).

Due to large scale flood disasters, the cost of flood insurance policy claims has far exceeded the amount of premiums and fees received. As a result, the NFIP has incurred debt of \$23 billion to the U.S. Treasury. Between 2008 and 2012, the NFIP has been extended 17 times, and the program has lapsed 4 times during that same time period, creating needless uncertainty in the residential and commercial real estate sectors in communities across the country. These facts combined with increasing interest rates and increased costs of origination compliance - approaching \$7500 per loan - are major factors of why rental rates and occupancy are at all time highs while the homeownership rate is at historic lows.

### **Legislation Needed by September 2017**

NAMB supports the reauthorization of the NFIP before September 2017. NAMB supports a strengthened NFIP coupled with a robust private market to offer choices and maintain access to flood insurance in all markets. The private market should be corrected in order to prevent private sector insurance companies to cherry-pick the best risks to their own private market facilities causing an adverse selection problem for the NFIP.

Legislation should promote transparency and accountability by requiring FEMA to hold public meetings and explain its premium rate structures. Flood mapping should be done at higher resolutions with a streamlined and less expensive appeal process. Congress should require the Technical Mapping Advisory Council (TMAC) to develop map standards for FEMA and non-government entities, thereby giving communities additional avenues to bypass the FEMA mapping process and develop maps that use the most updated community data and technology.

