



July 12, 2011

Dear Congressman:

Taxpayers for Common Sense Action (TCS Action) urges you to support efforts to move the National Flood Insurance Program (NFIP) to sounder financial ground. We believe H.R. 1309, the “Flood Insurance Reform Act of 2011” is a good first step. But a number of amendments offered today can improve the NFIP to better serve property owners, communities, and taxpayers.

TCS Action has long been concerned with the subsidies, implicit and explicit, that are ingrained in the flood insurance program. These subsidies and the wrong signals they send to homeowners regarding managing risk is the main reason the program is \$18 billion in debt to taxpayers.

Facing a \$1.65 trillion deficit, taxpayers cannot afford for the NFIP to continue in its unsustainable form. H.R. 1309 must contain reforms that shift the NFIP to a program that reflects realities on the ground, informs taxpayers of the risks they face from flooding, and provides them with tools to mitigate those risks.

H.R. 1309 contains several reforms that would improve the NFIP. The most significant of these is the phase out of subsidies for many properties. We strongly support the phase out. We also applaud measures to improve the ongoing, critical flood mapping being conducted by FEMA.

We urge you to support a number of amendments to make the NFIP more fiscally sound and effective:

***Amendment 4 offered by Rep. Flake (R-AZ)** puts the flood program on a more financially sound track by striking a section allowing the program to sell additional coverages. The flood program is \$18 billion in debt with no way to repay American taxpayers. Expanding it into even more business lines (coverage for interrupted business costs and cost of living losses) that are already served by the private market, is unwise and unnecessary.

***Amendment 8 offered by Rep. Waters (D-CA)** would help protect taxpayers from properties subject to repetitive flooding. Repetitive loss claims cost the flood program an estimated \$200 million per year.

TCS Action also urges you to oppose a number of amendments that will weaken the NFIP and increase risks to both property owners and taxpayers. Amendments that delay implementation of the program improvements or continue to shield property owners from the reality of the risks they face must be opposed:

***Amendment 2 offered by Rep. Bachus (R-AL)** would delay mandatory purchase requirements for 5 years instead of the 3 years in the bill.

***Amendment 5 offered by Rep. Ros-Lehtinen (R-FL)** and others would slow down moving the program to risk based rates.

***Amendment 10 sponsored by Rep. Walberg (R-MI)** would unwisely delay FEMA mapping upgrades.

***Amendment 11 offered by Rep. Cardoza (D-CA)** would eliminate requirements to more broadly map residual risk areas. Residual risk areas are areas located behind flood protection structures that face significant risk and loss when the flood protection structures fail.

Delaying purchase requirements and shielding property owners from the risks they face will not delay flooding. And as recent events have shown, even areas protected by levees can be subjected to devastating floods. Finally, expanding an already bankrupt program into even more areas of responsibility is unnecessary and poses financial risk to taxpayers.

The flood insurance program needs to be reined in, not expanded. And it must be moved to a program that better protects property owners and taxpayers by acknowledging the reality of risk faced and equipping individuals with tools to mitigate those risks.

If you would like to discuss this further, please contact me or Joshua Sewell, josh@taxpayer.net, or 202-546-8500 x116.

Sincerely,

A handwritten signature in black ink that reads "A. Ryan Alexander". The signature is written in a cursive style with a horizontal line under the first name.

Ms. Ryan Alexander
President