



July 30, 2010

Dear Representative:

Taxpayers for Common Sense and National Taxpayers Union strongly oppose the Multiple Peril Insurance Act of 2009 (H.R. 1264), which would expand the National Flood Insurance Program (NFIP) to include coverage for windstorms. We urge you to vote against this flawed approach, which will likely cost taxpayers billions of dollars.

Congress should not expand this existing federal insurance program, which is already more than \$18 billion in debt. We currently face the twin problems of exploding national debt coupled with sluggish economic growth. The federal government cannot afford to offer more subsidized public insurance policies, especially where there is an existing market.

Expanding the NFIP to include wind insurance could have unintended negative effects on the market by encouraging development in high risk areas, further increasing public liabilities. Furthermore, the NFIP is a perfect example that despite statements and even legislation to the contrary, it is impossible for the federal government to charge actuarially sound rates for insurance. Political motivations always seem to get in the way.

The federal government can effectively help prevent wind damage to private property without putting taxpayers on the hook for billions in liabilities by avoiding policies that incentivize construction in areas known to incur wind and flood damages, thereby encouraging responsible land use plans in these risk-prone places. These are more appropriate first steps for Congress to engage the issue of potential losses due to hurricanes or other natural disasters.

We urge you to oppose H.R. 1264. Especially now, Congress needs to look for better, lower-cost solutions for programs that have demonstrated increase risk to taxpayers, as the NFIP has over the years.

Sincerely,

Ryan Alexander
President
Taxpayers for Common Sense

Duane Parde
President
National Taxpayers Union