



April 6, 2011

Chairman Judy Biggert
Subcommittee on Insurance, Housing
and Community Opportunity
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Biggert:

Taxpayers for Common Sense supports H.R. 1309, the “Flood Insurance Reform Act of 2011” as a good step toward moving the National Flood Insurance Program to sounder fiscal footing.

TCS 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.

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. However, primary residences could still remain subsidized under the legislation. We urge you to phase out all of the subsidies. If there are issues regarding ability to pay actuarial rates, this should be done outside of the premium rate structure.

We also applaud you for measures to improve the ongoing, critical flood mapping being conducted by FEMA. The advisory council will lead to further improved mapping protocols and the direction to incorporate more graduated levels of risk will better inform homeowners of their actual risk and cost of that risk.

The mapping is critical and we strongly urge you not to delay the implementation of the maps, once completed. A short phase-in period for rate increases but denying the actual risk on the ground and delaying map implementations is a bizarre form of paternalism that while politically attractive would actually put people and property at risk.

Finally, we urge you to eliminate provisions that would expand the troubled NFIP. Expanding flood insurance coverage to include business interruption and personal living expense would increase NFIP’s exposure. In addition, the provision to index maximum coverage to inflation would stifle a secondary flood insurance market and ensure that taxpayer’s remain on the hook for greater potential losses. The flood insurance program needs to be tightened and reined in, not expanded.

Again, we appreciate the hard work you and your staff did to draft H.R. 1309. We applaud the effort and look forward to working with you to enact strong flood insurance reform in the 112th Congress. If you would like to discuss this further please contact me or Steve Ellis at 202-546-8500.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Ry Alexander". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Ryan Alexander
President