



April 26, 2016

**SUPPORT H.R. 2901 – THE FLOOD INSURANCE MARKET PARITY AND MODERNIZATION ACT**

Dear Representative:

Taxpayers for Common Sense urges you to vote in support of H.R. 2901, the Flood Insurance Market Parity and Modernization Act. This bipartisan bill, sponsored by Reps. Dennis Ross (R-FL) and Patrick Murphy (D-FL) is expected to be considered under suspension today. This common sense piece of legislation received unanimous support from the House Financial Services Committee.

This legislation is about providing consumers with choice in determining their flood insurance provider and removing artificial barriers to the development of a private flood insurance market.

The federally run National Flood Insurance Program (NFIP) is a major provider of flood insurance coverage, but subsidies and structural flaws in the program have led it to being more than \$23 billion in debt to taxpayers. Subsidized insurance has encouraged and entrenched high risk development that leads to greater disaster costs. The private sector has increasing interest in providing flood insurance coverage and it would benefit all taxpayers to allow that market to develop.

H.R. 2901 seeks to remove impediments to the burgeoning private flood insurance market. This bill simply clarifies that state insurance regulators would have the responsibility to determine the acceptability of insurance companies and flood policies in their state – the same power they have with regard to homeowners and other insurance products.

This legislation doesn't push any policyholders out of the program. The only reason someone would choose a private sector flood insurance policy is if they get a better product or price or both. But they should have that choice. Private flood insurance products could be better tailored to fit homeowners' needs with different deductibles, coverage levels, and available coverage than is provided by NFIP. Under H.R. 2901, an individual could shift from an NFIP policy to private sector option and back to NFIP without triggering NFIP rate changes as long as there is uninterrupted coverage. The development of a vibrant private flood insurance marketplace could lead to many more Americans being covered against flood losses than the relatively paltry number today.

The current authorization for NFIP expires September 30, 2017. Enacting H.R. 2901 soon would enable policymakers to observe the implementation and help inform the debate over the reauthorization of NFIP. That debate will be the time to deal with reforms regarding mapping and mitigation and modernizing the National Flood Insurance Program.

It is in the interest of all taxpayers that, to the greatest extent possible, the costs of flood risk be shifted to the private sector. H.R. 2901 is a modest measure that will give consumers greater choice and reduce taxpayer burdens. We urge you to support it. For more information please contact me or Steve Ellis at 202-546-8500 or [steve\[at\]taxpayer.net](mailto:steve[at]taxpayer.net).

Sincerely,

Ryan Alexander  
President