

September 15, 2025

The Honorable Bill Cassidy
455 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Cory Booker
306 Hart Senate Office Building
Washington, DC 20510

Sent via email to Flood@cassidy.senate.gov

Re: Request for Information (RFI) - National Flood Insurance Program Reauthorization & Reform

Dear Sens. Cassidy and Booker:

The National Flood Association (NFA), a national nonprofit trade organization that advances the interests of the flood risk management community, appreciates the opportunity to contribute to the public discourse surrounding the recommendations to improve the nation’s preparedness for and response to the peril of flood.

Flooding in the United States causes more loss to life and property each year than any other natural disaster and most federal disaster declarations are in response to catastrophic flooding. As the National Flood Insurance Program (“NFIP” or “the Program”) is the main source of flood insurance in the United States, home and business owners warrant support and reassurance that the program will remain viable and operational so that their valuable assets and livelihoods will continue to be protected from the risk of flooding.

In preparing this response, we found that NFA member feedback often spanned multiple questions in the RFI. As such, we have responded by section, rather than to each individual question.

Reauthorization

The last five-year reauthorization of the NFIP ended in 2017. Since then, the Program has been authorized through 33 short-term extensions as Congress consistently signals an interest in reforming the program before passing a formal, multi-year reauthorization. However, this approach has not yielded the intended results; indeed, this pattern has led to multiple lapses of the NFIP, each of which caused disruption to housing markets and to Program administration and prompted

angst amongst the public. This has been specifically noted by the Congressional Research Service (CRS) in previous reports.¹

It is imperative that Congress find common ground to prevent the frequent need to prepare for program lapses that cause significant uncertainty for the millions of people who rely on the NFIP. Congress should create a reauthorization framework in which each authorization is at least seven (7) years long. Doing so will allow sufficient time for vendors and other stakeholders to invest the capital needed to implement anticipated reforms, knowing that a degree of stability would be guaranteed in the interim. Most NFIP proposals take time to plan and implement. Congress should also allow time after reforms are implemented to observe relevant effects and incorporate new information into subsequent public policy decisions.

Congress should pass legislative text that clarifies that all future reauthorizations following a lapse will be retroactive. Further, to the extent possible, such text should also commit the NFIP to honoring all policies for which premium has been collected, regardless of policy effective date.

NFA remains neutral as to which department of the federal government oversees the operations of the Program. Should Congress choose to rehouse the NFIP to maximize efficiencies, the agency responsible should be adequately equipped to support mapping for flood risk identification, program administration, and mitigation incentives.

Affordability

NFA does not have expertise in the economics of Program affordability to recommend an affordability framework. That said, end consumers should continue to see and understand the full premium associated with their flood risk. Over the years, it has become clear that discounting consumer premiums to address affordability issues masks the true costs of the risk and can lead to seemingly endless new development in high-risk areas and the creation of a false sense of security in those who live in high-risk zones.

One of the NFIP's most persistent challenges arises from its dual mandates to maintain solvency through the application of actuarially sound rates while also ensuring affordability for consumers who need it. Repeated budgetary shortfalls have shown that the NFIP's current premiums are insufficient to cover its incurred losses and administrative expenses. While Congress has engaged in protracted discussion around potential expense cuts, it should reexamine how rate subsidization – particularly through premium caps – plays a role in reducing rate adequacy and damaging the Program's solvency.

Considering affordability separately from solvency will create additional transparency and allow the public to better understand the underwritten risk of their properties by maintaining the visibility of their full risk rates on NFIP Declarations Pages. Congress could further strengthen this approach by establishing an independent audit mechanism – modeled on analogous state insurance rate

¹See Congressional Research Service, "What Happens If the National Flood Insurance Program (NFIP) Lapses?" March 21, 2025, at https://www.congress.gov/crs_external_products/IN/PDF/IN10835/IN10835.56.pdf.

validation systems – to verify the accuracy of full-risk rates and provide greater public confidence in the Program.

The establishment of a means-based affordability mechanism is imperative; however, implementation of such a mechanism should take into consideration the potential disruption to home pricing, which, in turn, may affect local tax bases. Regardless of the specific affordability mechanism chosen, if Congress elects to retain or lower the premium caps set forth in the 2014 Homeowner Flood Insurance Affordability Act (HFIAA), Congress should request that the Government Accountability Office (GAO) undertake efforts to better understand and explain the impact of these caps².

Further, Congress should make clear that Write-Your-Own (WYO) carriers, lenders, servicers and their vendors have no role in gathering data for or the implementation of any means-based affordability mechanism. These entities neither have nor want access to the individual financial or demographic information necessary to implement a means-based affordability mechanism.

Having policyholders pay their premium in monthly installments could increase policy take-up rate by making the program more financially manageable for consumers. However, implementation of the monthly installment option should not impede or interfere with lenders' ability to enforce the mandatory flood insurance purchase requirement, and Congress should instruct the Federal Emergency Management Agency (FEMA) to provide full, detailed requirements for installment plan requirements at least six (6) months in advance of implementation to ensure seamless coordination with WYO carriers and supporting vendors.

For the declining number of policyholders not subject to mortgage escrow, Congress should consider leveraging private solutions already available elsewhere in the insurance community for other products. The most significant barrier to using existing private premium finance options is that NFIP policies cannot be arbitrarily cancelled mid-term for a refund of the unearned premium, unlike nearly all private market insurance products for which such refunds are a regulatory requirement. A similar cancellation ability would better serve the Program's consumer and industry participants.

Mitigation

Most of NFA's members do not directly engage in mitigation practices; however, marketing and selling flood insurance would be substantially easier if FEMA (or, if applicable, another regulatory agency) provided increased transparency around the effect of property-level mitigation on premium ratings. When customers are well-informed, they are better able to assess the cost-effectiveness of mitigation investments and are more likely to pursue them when the benefits are understood. Should such mitigation not result in a reasonable return on investment, they are likely to still be in the best interests of the public. In that case, Congress should direct FEMA to seek out other ways to offset those mitigation expenses.

² Homeowner Flood Insurance Affordability Act of 2014, available at <https://www.congress.gov/bill/113th-congress/house-bill/3370/text>

Mapping

NFA's membership includes the industry-leading companies which complete the guaranteed flood determinations based on FEMA's flood maps. According to NFA's 2024 Member Survey, these flood determination companies referenced FEMA's flood maps more than 20 million times transactionally to support mortgage closing, insurance policy processing, claim adjustments, appraisals, state disclosures, and for other purposes. This makes the NFA especially qualified to provide recommendations on the future of FEMA's flood mapping program.

The identification of the flood hazard—whether due to coastal storm surge, riverine, or flash flooding—remains a first and necessary step to keeping families and businesses out of harm's way. We must know where flooding may occur before we can determine the risk to then mitigate and insure against those risks.

NFA supports FEMA's national flood mapping program as the foundation for flood hazard identification and encourages reauthorization and full funding of this critical program through appropriations. A centralized flood mapping program helps to ensure a minimum standard of consistency, data, currency, and methodology across the states, tribal communities, and territories. While states, regions, local governments, or private industry may choose to develop and maintain additional flood hazard or flood risk data for their stakeholders, the nation needs a federal program that is based on the latest science and relies upon the latest technology. With full funding, we urge FEMA to fulfill the requirements to map the 0.2-percent-annual-chance floodplain and residual risk floodplain for the nation.

Since the Biggert-Waters Flood Insurance Reform Act, the last formal NFIP reauthorization and reform law was passed in 2012, FEMA flood map data is no longer used as rating variables for insurance premiums but remains an integral part of the Mandatory Purchase Requirement (MPR) for lenders and as guidance for floodplain management. Since this data is no longer used in premium rating, mapping costs should be identified as outside of NFIP premium and should be fully and separately funded through the appropriations process.

NFA also recommends that the Technical Mapping Advisory Council (TMAC) resume its work to advise FEMA on its mapping program. Established by Congress in 2012, TMAC has made several pivotal recommendations which FEMA has implemented to improve the direction of its mapping program in response to TMAC recommendations. Most recently, FEMA developed prototypes of flood mapping to support a greater understanding of the spectrum of flood risk that may exist in a community.

Finally, NFA recognizes the role that private industry plays in mapping the flood hazard and understanding flood risk. We encourage FEMA to continue to engage with the industry to ensure that its flood mapping program for the nation is based upon the most advanced scientific understanding and technology available.

Risk Rating 2.0

NFA acknowledges the significant effort that FEMA put forth in devising a rating methodology to modernize NFIP risk analysis and pricing and to better address the need for the Program to achieve actuarial soundness. Since Risk Rating (RR) 2.0 was implemented, questions and concerns persist regarding the accuracy of the rating outputs. States have developed independent reviews that preserve confidential trade secrets and sensitive data for other consumer-facing products; Congress should refer to the relevant states for examples of a high-functioning systems and extract any applicable lessons learned to examine the accuracy of RR 2.0. In reviewing the accuracy of RR 2.0's rating outputs, setting aside applicable premium caps and subsidies will be critical to understanding whether the premium truly reflects the underlying risk.

FEMA should work to implement changes to the methodology and rates only at scheduled intervals. Changes to quotes that occur before policies are sold sows confusion, particularly when those changes are due to program updates. While NFA's members appreciate updates that improve rate accuracy, the frequency of such changes can prompt distrust in the resulting calculations. Furthermore, FEMA should consult with members of the private insurance industry and/or state regulators to better understand how they systematically apply rate changes to new business and renewals.

Solvency and Savings

As noted previously, separating the need for an affordability framework from the goal of program solvency would enhance the transparency of the program and would allow NFIP's rates to be judged solely on how well they support the goal of program solvency. Currently, the NFIP's \$22.525B debt contributes substantially to its perpetual financial instability, but the degree to which the debt is the result of unfunded subsidies (e.g., pre-RR 2.0 policies being afforded a "glide path" toward full-risk rates) remains unclear.

Enhancing Transparency and Accountability

Lawmakers and FEMA should continue to educate the public about their flood risk. Reliance on the lending community for this purpose can mean that those most often affected by uncovered losses are under- or uninformed about their level of risk. According to the most recent census, nearly 40% of housing units are mortgage-free.³

FEMA's Direct-to-Consumer (D2C) quoting tool is a good first step toward more transparent consumer education. However, problems will arise for consumers who enter incorrect variables into the platform, that could result in inaccurate or misleading premium quotes. As just one example, the NFIP's definition of "basement" does not always align with regional colloquial use of that term, so a consumer's interpretation of their home's sub-grade space may not align with NFIP

³ [Housing Costs for Owners | American Community Survey | U.S. Census Bureau](#)

rating criteria and methodology. Therefore, licensed insurance agents should continue to review consumer submissions and verify the accuracy of quotes obtained through D2C.

The variables used in rating should be made available to affected property owners as this would promote transparency and allow inaccuracies to be disputed and corrected before they cause irrevocable harm to those property owners. This dispute and correction process could resemble similar processes associated with credit reporting. While premiums, specifically, may not be appealable, third-party reviews to validate rating should allow rates in question to be challenged.

Congress should also seek to ensure the availability of claims history to new property owners if the NFIP continues to limit recovery on repairs completed by previous owners. Alternatively, annual inspections could be required to ensure that repairs are made so as not to affect future claims, should a policy continue to be renewed. The adjusting community may be able to conduct such inspections during slow claims periods, like the annual period between Atlantic hurricane seasons.

And finally, in the previously proposed S. 2142, *National Flood Insurance Reauthorization and Reform Act of 2023*⁴, language was included to address transparency of costs associated with claims handling by developing a schedule to determine the actual costs of third-party services (Sec. 303). NFA members have raised concern about the feasibility of this recommendation as the time it takes to process each claim varies widely based on several factors, including, but not limited to, location, type of structure, type of coverage, and damages incurred. For this reason, the current fee schedule compensates adjusters by the size of each loss, recognizing that larger losses take more time to complete than smaller ones. This type of compensation is routinely utilized in private industry for the handling of homeowner claims. NFA recommends no change to the current method of reimbursement.

Severe Repetitive Loss Properties

Severe Repetitive Loss (SRL) properties present many challenges, including the fact that they are extremely costly to the NFIP. An additional challenge is that undertaking mitigation efforts to address the weakness(es) that make a property susceptible to severe repetitive losses can be prohibitively expensive for the property owner. The allocation of additional funding for grants to perform appropriate mitigation (such as floodproofing, relocation, elevation, or even demolition/buyout) would provide a viable solution for many SRL properties. Low-interest loans and tax credits could also be used to minimize the consumer's financial burden for substantial repairs. While these solutions may be expensive, continuing to rebuild these properties without such mitigation incentives has yielded poor, and even dangerous, long-term results.

Currently, too many obstacles exist, preventing the NFIP and/or property owner from ameliorating the conditions that contribute to a SRL property or to removing a SRL property from the NFIP's SRL list once those conditions are mitigated. WYO carriers should be permitted to continue to service SRL properties instead of immediately transitioning them to the NFIP Direct Servicing Agent.

⁴ See S. 2142, the "National Flood Insurance Reauthorization and Reform Act of 2023," located at <https://www.congress.gov/bill/118th-congress/senate-bill/2142/text>.

Mandatory Purchase Requirement

The Mandatory Purchase Requirement (MPR) is frequently misunderstood. An uninsured loss in a Special Flood Hazard Area (SFHA) is often attributed to a lack of compliance with the MPR when it may be due to the absence of a federally backed mortgage on the property. Congress should direct the GAO to study uncovered flood losses in SFHAs to determine if such properties are noncompliant with lender regulations, have a non-federally backed mortgage, or are mortgage-free.

Congress should explore adding specific resources to the NFIP to assist in lender enforcement of the MPR; such resources could act as liaisons among communities. Creation of such a team could improve compliance and reduce the NFIP's operational burden. Additionally, Congress should promote increased communication and collaboration between the FEMA and the relevant interagency federal regulatory agencies (Federal Reserve Board [FRB], Office of the Comptroller of Currency [OCC], Federal Deposit Insurance Corporation [FDIC], National Credit Union Administration [NCUA], and Farm Credit Administration [FCA]).

NFA does not currently have a position on whether the SFHA should be expanded, but our members encourage Congress to include recent studies and recommendations published by the Technical Mapping Advisory Council (TMAC) as it considers this issue⁵.

Congress should consider reforming the MPR to create a federal preemption over state laws related to the amount lenders can require for flood coverage. Some states have laws that make their maximum (ceiling) equal to the federal minimum (floor); such laws complicate lenders' abilities to meet the federal MPR. Other states continue to consider similar bills.

Participation in the Program

In the last few years, the NFIP has undertaken several changes that seem to have significantly decreased participation in the NFIP, including the elimination of Preferred Risk Policies, increased rates for policyholders not subject to the MPR, and the increased availability of private flood options offering more coverage and/or lower premiums. In its efforts to reverse this trend, Congress should encourage NFIP participation outside of the MPR areas.

Additionally, the WYO program was created in 1983 to increase what had been poor participation in the NFIP. Reputational risk, increased demands from FEMA and economic pressures have reduced the number of insurers willing to participate in the WYO program from over 90 in 2008 (citation GAO-09-455⁶) to barely 50, today. Additional program responsibilities coupled with continual reductions in and arbitrary caps on WYO compensation will unnecessarily drive down WYO program participation, ultimately reducing overall participation in the NFIP.

Affordability initiatives will bolster NFIP take-up rates and should be designed to provide coverage for all customers, whether they are new or existing policyholders. However, Congress should be

⁵ See Technical Mapping Advisory Council's "2023 Interim Report", available for download at <https://www.floods.org/wp-content/uploads/TMAC-interim-report-on-flood-hazard-areas.pdf>

⁶ See Government Accountability Office (GAO) report GAO-09-455, "Flood Insurance: Opportunities Exist to Improve Oversight", August 21, 2009, at <https://www.gao.gov/products/gao-09-455>.

wary of reforms that could inadvertently promote new development in risky areas and, to that end, should not make affordability incentives available for newly constructed properties.

Continuous Coverage Requirement

Any legislative action on the NFIP should include a continuous coverage provision for policyholders who leave the NFIP to purchase a private flood policy and then need to return to the Program later. A continuous coverage provision would allow consumers whose private-market flood policies are cancelled, non-renewed or otherwise become too costly to return to the NFIP and purchase a policy at their previous rate.⁷ Without continuous coverage, consumers with subsidized NFIP policies are effectively penalized with higher rates for attempting to return to the NFIP after leaving it for the private market.

The government's goal is reducing its share of the flood risk burden; achieving this goal will require additional private-market participation. In that vein, maintaining NFIP-equivalent private coverage should "count" toward maintaining continuous coverage for the purpose of, if necessary, resuming an NFIP affordability glidepath. This would be a nonissue elsewhere in the private market; while private carriers offer incentives to retain business, the absence of any coverage is viewed in the private market as a warning sign of a higher risk in underwriting. Put another way, a *lapse* in coverage is an adverse underwriting condition, whereas *other coverage* replacing NFIP coverage with that of a private carrier is more logically considered a marketing incentive.

NFIP Coverage Limits

The current NFIP coverage limits no longer reflect average home prices as they did more than 30 years ago when they were established in Title V, Subtitle F of the 1994 Riegle Community Development and Regulatory Improvement Act.⁸ Conforming limits for Federal Housing Finance Agency (FHFA) loans have risen along with home prices, replacement cost values, and inflation, while NFIP limits, by contrast, have remained stagnant. Increasing the NFIP's coverage limits would allow consumers to more fully insure their properties. Increased limits should be tied annually to conforming loan limits at a nationwide level.

Raising the coverage limits of NFIP policies could improve both underwriting performance and Program solvency. Private-market insurers use co-insurance clauses to strongly encourage customers to insure for the full value of their structures. This benefits private carriers partially

⁷ This would also overlap with an Office of the Flood Insurance Advocate (OFIA) recommendation included in its 2022 year-end report, that consumers should not lose their glidepath if their NFIP policy lapses through no fault of their own. (See OFIA Fiscal Year 2022 Report: Insights and Recommendations, located at https://www.fema.gov/sites/default/files/documents/fema_ofia-fiscal-year-2022_report_2023.pdf, pages 14-15.) Lenders and servicers do great work in managing escrow accounts, but errors outside the control of the customer (or the loan servicer) are possible. Invoices can be missed due to incorrect mortgagee clauses, lost mail, and accounting-related errors. When these occur, a mechanism like continuous would provide a simple means by which to restore the consumer's pre-lapse standing.

⁸ See The Riegle Community Development and Regulatory Improvement Act of 1994, located at <https://www.congress.gov/103/statute/STATUTE-108/STATUTE-108-Pg2160.pdf>.

because first-dollar losses are more expensive to insure. Put another way, partial losses are more likely than full losses; as policies get closer to insuring a property's full value, the dollar-cost average for insuring them decreases.

The RFI acknowledges an important issue by asking how increased limits would affect affordability. The MPR is a significant driver of current program participation and lenders typically limit mandatory coverage to the least of the loan balance, the insurable value, or the NFIP limits. As many residential structures have insurable values and loan balances more than \$250,000, a large increase in the NFIP policy limit will sharply raise the amount of required coverage, along with the premium associated with it. For that reason, Congress should exercise caution when considering changes to these amounts and do so in a way that minimizes precipitous premium increases like those that accompanied the implementation of Biggert-Waters in 2012.

The NFA appreciates your interest in the long-term viability of the National Flood Insurance Program, on which millions of property owners rely, and this opportunity to submit comments on behalf of our membership. We look forward to supporting Congress' continued efforts to review and reform the NFIP and encourage you to reach out to me directly or to our leadership team at info@nfaflood.com with any questions.

Sincerely,



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