



**American Planning Association**

*Making Great Communities Happen*

September 12, 2016

Honorable Richard Shelby  
Chairman  
Senate Committee on Banking and Urban Affairs  
Washington D.C. 20510

Honorable Sherrod Brown  
Ranking Minority Member  
Senate Committee on Banking and Urban Affairs  
Washington D.C. 20510

Dear Chairman Shelby and Ranking Member Brown,

The Association of State Floodplain Managers (ASFPM) and the American Planning Association (APA) have some significant concerns with legislation introduced in the Senate and passed in the House to facilitate development of a private market for flood insurance (S. 1769 and H.R. 2901). Together, our membership includes 55,000 floodplain managers and planners who work in states and communities nationwide. We are unable to support the legislation unless some modifications are made. We do understand and support the interest in development of more private flood insurance options. As presently written, however, these bills could undermine the stability of the National Flood Insurance Program and its role as a comprehensive flood risk management program. We strongly urge that the Committee consider the legislation in the context of reauthorizing the NFIP in 2017.

Maintaining the basic structure and availability of the NFIP is important. The NFIP is not just an insurance program, but is also a flood risk identification (mapping) and flood risk reduction (hazard mitigation and floodplain management) program. Flood maps support many other local activities such as land-use and emergency management planning. Local floodplain ordinances associated with participation in the NFIP guide development to avoid or reduce flood risk resulting in over \$1.7 billion in avoided losses annually. Mitigation activities funded through the NFIP have resulted in funds to reduce flood risk for 1,850 buildings annually between 2010 and 2014 by doing things such as elevating, floodproofing, acquiring or relocating them.

We have many concerns about provisions and potential impacts of the private flood bill. While private insurance companies benefit from the flood risk maps, local

floodplain management, technical assistance and hazard mitigation activities that are funded by NFIP policy fees and premiums, private policies are not required to support such programs and activities through either equivalent fees or coverages. Nor does the private flood bill even require a community to participate in the NFIP. Private market calculations can lead companies to pull out of certain areas. Private policies would not be required to have similar coverages, exclusions or deductibles so we are concerned about property owner and community impacts if property owners purchase a property only to find out the deductible is too high or exclusions do not provide coverage similar to a NFIP policy.

Since private companies are already moving into the flood insurance market, there is no urgency to pass this legislation without first understanding the long-term impact on the NFIP. We suggest that there are some modifications to the private flood insurance legislation which would preserve the important functions of the NFIP while encouraging private market development.

ASFPM and APA urge that no action be taken on S. 1769 and H.R. 2901 until the bills can be considered in the broader context of the future of the NFIP. We look forward to working with the Congress on comprehensive NFIP reauthorization and on ways that private flood insurance can complement, not destabilize the NFIP.

Thank you for considering our thoughts, concerns and recommendations.

Very sincerely,

Chad Berginnis	James M. Drinan, JD
Executive Director	Executive Director
Association of State Floodplain Managers	American Planning Association

Cc: Members of the Senate Committee on Banking and Urban Affairs