

Bill Allowing Private Flood Insurance as NFIP Alternative Expected to Reach House Floor

WASHINGTON - The U.S. House of Representatives is expected to receive legislation that would allow states to remove restrictions to private flood insurance coverage and provide consumers with an alternative to the National Flood Insurance Program.

HR 2901, the Flood Insurance Market Parity and Modernization Act, gained bipartisan approval via voice vote in a House Financial Services Committee markup March 2. However, the bill still must pass a final roll call vote before heading to the House floor. The Property Casualty Insurers Association of America said in an email statement that "based on the statements made during today's markup, we fully anticipate the bill will have overwhelming support by members on both sides of the aisle." A statement from bill co-sponsor Rep. Patrick Murphy's office said he is hopeful both the committee and the House will vote to swiftly move the bill.

The bill would allow the sales of private flood insurance offered outside the NFIP to satisfy the law's mandatory purchase requirement. The Biggert-Waters Flood Insurance Reform Act of 2012 initially intended to allow private flood insurance to be sold along with the NFIP products. However, lenders were uncertain about what policies they could accept beyond NFIP under the Biggert-Waters definitions, effectively leaving only NFIP policies available to consumers.

Nat Wienecke, PCI's senior vice president, federal government relations, called the bill "common sense legislation" that clarifies the intent of the Biggert-Waters law that made private flood insurance an available option for consumers. "H.R. 2901 may expand flood insurance options for consumers and bring more private-sector capital into this important market segment," Wienecke said in a written statement. PCI has members that comprise two-thirds of the insurers who have been NFIP partners through its Write Your Own program to sell, service and administer NFIP flood insurance.

The Reinsurance Association of America and the National Association of Professional Surplus Lines Offices also support the bill, which was co-sponsored by Murphy, D-Florida, and Rep. Dennis Ross, R-Florida.

Keri Kish, NAPSLO director of government relations, told Best's News Service her group was excited about the bill's approval. "It provides the clarity to preserve the market that we were already allowed to write in," she said. "It clarifies to lenders to expect surplus and other lines of insurance."

Birny Birnbaum, executive director for the Center for Economic Justice, told a House subcommittee in January his group opposed the bill because its provisions would leave the NFIP in worse financial shape. He told the panel surplus lines insurers would "cherry-pick" NFIP's best policies, leaving the NFIP with fewer but higher-risk policies and no more revenue to cover them.

The bill is the latest attempt to address concerns over NFIP rates. Biggert-Waters contained rate increases of up to 20% annually to deal with the program's deficit, which committee Chairman Jeb Hensarling, R-Texas, estimated to be \$23 billion currently. The increases drew legal action to fight it by Mississippi and other states, prompting Congress to slightly reduce the cap when the law was further amended in 2014.

Hensarling said while the NFIP is heavily in debt and the committee faces serious work when the NFIP reauthorization is considered next year, the panel could not wait to help consumers who need flood insurance. "All we're doing is creating more choices, more options and hopefully greater innovation and price competition," he said.

(By Thomas Harman)