July 21, 2015

The Honorable Dennis Ross
229 Cannon House Office Building
Washington, D.C. 20515

Dear Representative Ross:

SmarterSafer-- a broad based coalition of taxpayer advocates, environmental groups, insurance interests, housing organizations, and mitigation advocates-- applauds your efforts to ensure that consumers can purchase flood insurance in the private market if they choose. For many years, the federal government has been the primary provider of flood coverage in the United States. The National Flood Insurance Program (NFIP) has provided critical coverage, but because of deep subsidies embedded in the program for decades, it has done so at great expense to taxpayers, it has harmed the environment, and it has provided the wrong market signals, actually encouraging people to build in harm's way.

To combat these problems, Congress made changes to rates for certain properties, slowly phasing in risk-based rates for a segment of policies and allowing private flood coverage in addition to other reforms. In Biggert-Waters, Congress made clear that private flood coverage should be permitted, and the Grimm-Waters bill did not change this commitment. Since the passage of flood reform, private insurers have started to consider offering flood policies. SmarterSafer believes this should be encouraged; Consumers should be able to choose private flood policies, potentially with terms and coverage that can be tailored to the interests of the consumer, as well as better incentives for mitigation and resiliency. In fact, private flood policies could allow property owners to purchase enough coverage to ensure they can rebuild after a storm, not constrained by NFIP limits or by the amount of the mortgage.

The Ross-Murphy and Tester-Heller bills would ensure that private flood insurance counts for purposes of the mandatory purchase requirements. SmarterSafer supports these efforts and will work to see them passed into law. The coalition is appreciative that one of the hallmarks of the US insurance regulatory system is policyholder protection, and we support private flood insurance in that context. We believe that as policies move to the private sector, Congress must look for ways to ensure that communities continue to focus on preparedness and mitigation, a requirement currently part of NFIP and one worthy of further policy action.

We look forward to working with you on this matter.

Sincerely,

SmarterSafer.org
MEMBERS

Environmental Organizations
American Rivers
Center for Climate and Energy Solutions (C2ES)
Ceres
ConservAmerica
Defenders of Wildlife
Natural Resources Defense Council
National Wildlife Federation
Sierra Club

Consumer and Taxpayer Advocates
Coalition to Reduce Spending
R Street
National Taxpayers Union
Taxpayers for Common Sense
Taxpayers Protection Alliance

Insurer Interests
Allianz of America
Association of Bermuda Insurers and Reinsurers
The Chubb Corporation
Liberty Mutual Group
National Association of Mutual Insurance Companies (NAMIC)
National Flood Determination Association
Reinsurance Association of America
SwissRe
USAA

Mitigation Interests
Natural Hazard Mitigation Association
National Fire Protection Association

Housing
National Housing Conference
National Leased Housing Association

ALLIED ORGANIZATIONS
American Consumer Institute
Association of State Floodplain Managers
Center for Clean Air Policy
Friends of the Earth
Institute for Liberty
Property Casualty Insurers Association of America
Union of Concerned Scientists
Zurich