

**AMERICAN RIVERS * AUDUBON * DEFENDERS OF WILDLIFE
LEAGUE OF CONSERVATION VOTERS * NATIONAL WILDLIFE FEDERATION
NATURAL RESOURCES DEFENSE COUNCIL
REPUBLICANS FOR ENVIRONMENTAL PROTECTION * SIERRA CLUB**

April 21, 2010

The Honorable Barney Frank
Chairman, Financial Services Committee
U.S. House of Representatives
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Spencer Bachus
Ranking Member, Financial Services Committee
U.S. House of Representatives
B-371A Rayburn House Office Building
Washington, DC 20515

Dear Chairman Frank and Ranking Member Bachus:

On behalf of our millions of members and supporters across the country, thank you for taking up the reauthorization of the National Flood Insurance Program (NFIP). With more intense storms, sea level rise and flooding as a result of climate change, reforming the NFIP to better protect people, communities and the environment has never been more urgent. We are concerned however, that the Flood Insurance Reform and Priorities Act of 2010 (discussion draft) fails to include many of the most urgent and needed reforms and, in a dramatic departure from previous bills, neglects to include provisions that could incentivize better land use planning, hazard mitigation and mapping. Such provisions aimed at reducing risk and discouraging development in sensitive floodplains should be at the heart of any meaningful reauthorization bill.

We are also deeply concerned that the committee may be taking up two measures that would greatly expand the federal government's role in the private insurance markets in ways that could lead to more development in coastal areas and floodplains. The Homeowners Defense Act (H.R. 2555) and the Multiple Peril Insurance Act of 2009 (H.R. 1264) are well-intentioned, but ill-conceived measures that threaten to exacerbate some of the worst problems and challenges we have witnessed with the NFIP: under-pricing risk, discouraging good land use planning and environmental safeguards and shifting the burden of the most risky developments to U.S. taxpayers all across the country. We urge the Committee not to mark-up either bill or to oppose them if necessary.

We do appreciate provisions in the discussion draft that would phase out subsidized flood insurance for vacation homes, second homes and non-residential properties. We also support a provision in the bill which increases from 10 to 20 percent the amount that FEMA can annually raise premiums to reduce subsidies and improve the NFIP's actuarial soundness.

We strongly oppose provisions, however, that would weaken requirements for purchase of flood insurance in newly mapped flood-prone areas and areas where flood protection systems have been declared as no longer adequate. For example, the bill imposes a 5-year delay in requiring homeowners and businesses to purchase flood insurance in areas newly mapped into special flood hazard zones. The bill also exempts homeowners and businesses from having to purchase flood insurance in areas that once had - but now no longer have - protection from a 100-year (or greater) flood. As we saw in hurricane Katrina, it's a dangerous mistake to assume no flood insurance is necessary because there are nearby Corps of Engineers or other levees - especially decertified

levees. Exempting homeowners and businesses from such purchase requirements provides a false sense of security and leaves homeowners and businesses without adequate coverage in the event of a major flood or levy failure.

Once again, we appreciate the Committee's effort to reauthorize the NFIP and urge the Committee to strike the provisions weakening insurance purchase requirements, and urge the Committee to expand the scope of the bill to include the full range of reforms needed. The NFIP reauthorization should require FEMA's mapping program to utilize the best available science to reflect risk to communities while prioritizing natural resources protection, and provide incentives for floodplain and natural resource protection, emphasizing natural and beneficial uses of floodplains with structural measures as a last resort.

Congress originally intended the NFIP to reduce the nation's vulnerability to flood damage by identifying hazards, encouraging and requiring smart floodplain management, and providing flood insurance at reasonable rates. Instead, the program has run up a near \$20 billion debt to the Federal treasury, and has encouraged destruction of floodplains and wildlife habitat, with taxpayer subsidies. It is critical that the Committee use this NFIP reauthorization to address all aspects of the program that need reform to ensure its fiscal solvency, the health of the environment, and the safety of American citizens.

Sincerely,

Andrew Fahlund
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American Rivers

Adam Kolton
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cc. Members of the Financial Services Committee