

September 17, 2021

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

The Honorable Chuck Schumer
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, DC 20510

Dear Speaker Pelosi, Minority Leader McCarthy, Majority Leader Schumer, and Minority Leader McConnell:

We write to you representing a diverse group of interests aligned in our support of public policies to improve the flood resilience of our homes and communities. We strongly endorse efforts by the Federal Emergency Management Agency (FEMA) to modernize the rate-setting system of the National Flood Insurance Program (NFIP) through Risk Rating 2.0. This new rating methodology is a more accurate and equitable way to determine a property's unique flood risk and the cost of repair. Further, it will provide property owners information on their full risk rates, which is critical in encouraging mitigation actions to reduce flood risk. We oppose efforts to delay this important initiative.

Under Risk Rating 2.0, beginning October 1, nearly 1.2 million NFIP policyholders are eligible for a decrease in insurance premiums. According to FEMA's data, through the use of more advanced actuarial tools and catastrophe models, almost 90% of policyholders will see either a decrease in payments or an increase of less than \$10 a month beginning next year.¹ Absent these changes, under the legacy system, every NFIP policyholder would see a rate increase this year and many annual increases would continue indefinitely.

Finally, while much of the premium reductions resulting from Risk Rating 2.0 will be passed on to owners of older or more affordable homes, many will still find it difficult to pay for insurance. Individually, and collectively, we stand ready to work with you on an affordability program to provide financial support to the policyholders most in need.

Sincerely,

American Consumer Institute
American Rivers
Association of State Floodplain Managers
Enterprise Community Partners, Inc.
League of Conservation Voters
National Association of Mutual Insurance Companies
National Institute of Building Sciences
Natural Resources Defense Council

National Wildlife Federation
National Taxpayers Union
R Street Institute
Reinsurance Association of America
SmarterSafer
Smart Home America
Taxpayers for Common Sense
The Pew Charitable Trusts

cc: House Committee on Financial Services
Senate Committee on Banking, Housing, and Urban Affairs

¹ FEMA, Risk Rating 2.0—National Rate Analysis, at https://www.fema.gov/sites/default/files/documents/fema_riskrating-2.0-national-rate-analysis.pdf.