



AMERICAN ACADEMY of ACTUARIES

*Objective. Independent. Effective.™*

# NEWS RELEASE

**FOR IMMEDIATE RELEASE**

November 10, 2017

**Contact:** David Mendes

**Phone:** 202.384.2075

**Email:** [mendes@actuary.org](mailto:mendes@actuary.org)

## **Academy Outlines Flood Insurance Reform Options for NFIP Reauthorization as Possible Vote on House Bill Approaches**

**WASHINGTON**—As the U.S. House of Representatives prepares to consider the 21st Century Flood Reform Act (H.R. 2874), the American Academy of Actuaries' Casualty Practice Council provided [comments](#) to House leaders citing that while the legislation addresses a number of the public policy considerations raised by the Academy earlier this year, it does not address several important issues.

“The expected vote on long-term National Flood Insurance Program [NFIP] reauthorization would be the right moment to help the nation better address flood risks and the NFIP’s financial condition,” said Rade Musulin, Academy vice president, casualty. “A number of important reforms are in the bill as it is written, but more can be done to aid flood risk assessment and mitigation, and help address the NFIP’s sustainability.”

H.R. 2874 in its current form incorporates provisions to encourage sharing of historical flood loss data with private insurers, growth of the private flood insurance market, and modernization of flood mapping—all of which are potential reforms that the Academy previously raised with congressional leaders. Other areas for reform identified by the Academy include:

- Addressing the NFIP’s debt, which is approaching \$30 billion, and making it sustainable going forward, factoring in possibilities of future large megastorm losses.
- Eliminating artificial pricing disparities that could arise due to debt and flood mapping surcharges imposed on NFIP policies but not on private insurance coverage.
- Focusing more attention on repetitive loss properties to reduce overall losses in the program.
- Providing additional funding for pre-flood mitigation efforts.
- Taking into account rising sea level and its likely financial impact on the NFIP.

**(MORE)**

In April 2017, the Academy's Flood Insurance Work Group published the comprehensive public policy report, [\*The National Flood Insurance Program: Challenges and Solutions\*](#). It is available on the Academy website at [actuary.org](http://actuary.org).

###

The American Academy of Actuaries is a 19,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.