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July 20, 2010

United States House of Representatives
Washington, DC 20515

Dear Representative:

On behalf of the National Association of Professional Insurance Agents (PIA) and our independent insurance agency owners, we are encouraging you to oppose H.R. 1264, The Multiple Peril Insurance Act, offered by Representative Gene Taylor (MS). This legislation would add the peril of wind to the National Flood Insurance Program (NFIP) and is scheduled to be considered on the House floor this week.

It is imperative for our members and for consumers across the country to have a stable flood program available. While Representative Taylor's bill is well intentioned, H.R. 1264 will add a peril to the program that does not belong there because coverage for wind damage is available in the private market and through state wind pools. Adding this to the NFIP would place undue burdens on the program and would be another example of the federal government taking control of an insurance product, all while undermining the private market. The current system assures a robust insurance marketplace with capacity to meet the needs of consumers.

The NFIP remains on the Government Accountability Office's (GAO) high risk list. Just this year the program has gone into a lapse three times and remains in need of significant reform. While the Congressional Budget Office (CBO) recently opined that premiums should be adequate to cover wind and flood claims, GAO and FEMA officials believe that adding wind to the NFIP increases the risk of the program incurring significantly more debt. It is clear that now is not the time to add an additional peril that has the risk of greatly compromising the future of the program. The necessary reforms, many of which were addressed in the recently House passed H.R. 5114, work in the direction of placing the program on sound footing.

The Administration has also expressed its opposition to this proposal on several occasions. In a letter to House Financial Services Committee Chairman Barney Frank, U.S. Homeland Security Secretary Janet Napolitano said federal wind coverage could adversely affect competition and selection among the various state and private offerings. FEMA Administrator Craig Fugate testified before the House Financial Services Committee that he is concerned with adding wind to the flood program as well. We agree with his assessment that "under a multi-peril federal program, the liability for multi-peril insurance, which is currently absorbed by the private property insurance market, would be transferred to the U.S. Treasury and, ultimately, to the American taxpayer."

For all these reasons, we urge you to vote no on H.R. 1264 and to speak in opposition of this bill when it comes to the House floor for a vote. Thank you for your attention to this critical issue. If you need additional assistance from PIA, please contact me at mikebe@pianet.org.

Sincerely,

Mike Becker
Director, Federal Affairs