



Flood Insurance

Help Protect Your Constituents Through Flood Insurance

April 2017

What Agents Do

Insurance agents play a vital role in serving the flood insurance needs of consumers. PIA agents help consumers better understand the National Flood Insurance Program (NFIP), an essential and often misunderstood program. Agents are often the face of the NFIP for consumers, and agents are the first people policyholders turn to when they have questions about their policies, when they want clarity on how to file a claim, and when they need to understand how to purchase the coverage that's right for them. PIA supports the NFIP as it, in collaboration with our members, provides critical support to those affected by floods.

The Issue: Ensuring a Stable and Efficient Program

The NFIP debt of over \$24 billion puts the future of the program at risk and is primarily the result of two extraordinary mega-events, 2005's Hurricane Katrina and 2012's Superstorm Sandy. Risk-based rates have never been charged universally to NFIP consumers, but they are essential for putting the NFIP on the path to fiscal stability. However, they must be implemented gradually over time with clear and frequent communication from the Federal Emergency Management Agency (FEMA), the agency that oversees the NFIP. Otherwise, consumers will be left bewildered by sudden increases in their premiums. PIA members work diligently to improve the NFIP's efficiency, effectiveness, and stability. PIA continues to support the engagement of private sector insurers in offering flood insurance policies and endorsement coverages. Opportunities for private sector flood insurers are better now than they have been in the past. However, the private flood insurance market is in need of legislative solutions to create sensible options for it to grow.



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How You Can Help

Support the prompt reauthorization of the NFIP that:

- ◆ Recognizes the key role the salesforce plays in delivering the program.
- ◆ Institutes the gradual implementation of risk based rates.
- ◆ Is long-term and allows changes to be communicated in a timely way to agents and consumers.
- ◆ Includes the continued grandfathering of rates so that properties can be transferred between owners without coverage disruption or surprise.

Oppose attempts to cut or cap agent commissions in NFIP Reauthorization:

- ◆ Agents play a crucial role in explaining this confusing program and servicing their clients during the sale and the stressful aftermath of a flood event.
- ◆ Cutting commissions will lead to an exodus of the salesforce, decreasing the number of flood policies sold when one of the goals should be to increase the take up rate for flood insurance policies.
- ◆ Cutting agent compensation will do little to nothing to solve NFIP's over \$24 billion debt, which is largely due to Hurricane Katrina and Superstorm Sandy.

Cosponsor the Flood Insurance Market Parity and Modernization Act (H.R. 1422/S. 563) introduced by Reps. Dennis Ross (R-FL) and Kathy Castor (D-FL) and Senators Dean Heller (R-NV) and Jon Tester (D-MT).

- ◆ This legislation defines private flood insurance as a policy that provides flood insurance coverage issued by an insurance company that is licensed and approved by the applicable state insurance regulator.
- ◆ Further, the bill ensures that private flood insurance can be used to satisfy the NFIP's continuous coverage requirement, an essential aspect of ensuring policyholders are not penalized for moving from one category of policy to another.
- ◆ Support the inclusion of these provisions in the broader reauthorization of the NFIP.



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