



**Arkansas Floodplain
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The Honorable Tom Cotton
124 Russell Senate Office Building
Washington, DC 20510

RE: S 1679, Flood Insurance Market Parity and Modernization Act

Dear Senator Cotton:

The Arkansas Floodplain Management Association, Inc. (AFMA, Inc.) is a statewide professional organization with more than 403 members, of which 195 carry the designation of Certified Floodplain Manager (CFM[®]). We are dedicated to reducing loss of life and property damage that results from flood related disasters. As a volunteer and educational organization, we are made up of a wide range of professions that include the public and private sectors. Additionally, as we deal with the enforcement of the National Flood Insurance Program (NFIP) on a daily basis, we wanted to write to you concerning a bill that passed the House of Representatives (HR 2901) and its companion bill in the Senate (S 1679).

In recent years, Congress has attempted to make changes to the NFIP, some good, some bad, and always with the best of intentions. While we believe that this legislation is well-intended, the vagueness of this bill will produce unintended and negative consequences. The bill in its current form focuses solely on flood insurance, adding a private option in hopes that it will reduce increasing flood insurance rates, which are a direct result of the Biggert-Waters Flood Insurance Reform Act of 2012 and the subsequent revision titled the Homeowner Flood Insurance Affordability Act of 2014. Both of these acts were passed by Congress as a result of the NFIP's growing deficit.

We have daily involvement with the NFIP. Based on our experience and expertise, we believe this bill should not become law in its current form as discussed here:

1. The NFIP currently consists of three inter-dependant elements (mapping, floodplain management, and insurance). Passage of the bill as is, addressing only insurance rates availability, will create significant impacts to other parts of this program, namely funding for updated flood mapping and flood management activities. Currently, most of the funding for mapping and floodplain management activities is generated from rates on existing policies. The proposed bill as written does not determine how, or if, the private option will share in support of these programs. We believe that all forms of flood insurance should support improvements in mapping and floodplain management activities as they are keys to being able to accurately rate premiums and prevent high risk activities. We request that this bill be amended to reflect these needs.
2. Communities who are a part of the NFIP have adopted general floodplain management standards in the form of ordinances with enforcement clauses as currently required in the NFIP. While the number one motivation of a community's participation in the NFIP is access to flood insurance, these general floodplain management standards are important in limiting construction or land alteration inside the floodplains. The guidelines and restrictions in these standards help to prevent construction in floodways, inappropriate development in floodplains, and adverse impacts, all of which support the existing insurance rating requirements (e.g., elevating a home

above the Base Flood Elevation or floodproofing). We request that this bill be amended to only allow private flood policies that meet the mandatory purchase requirement as written for participation in the NFIP.

3. In the bill's current language, private insurance companies could choose which properties they want to cover. This would require the government to insure more at-risk properties that are declined by private insurers. This in turn would make the NFIP more fiscally risky, driving up NFIP premiums, and requiring that the NFIP be bailed out more frequently.
4. The current bill does not specify that private insurance policies be at least as comprehensive as current NFIP standards. This lack of detail could greatly hurt current mitigation programs (e.g., Increased Cost of Compliance) and allow substandard policies to enter the market (e.g., allowing homeowners to carry a high deductible that may or may not be able to be paid upon event of a disaster). We request that the bill be amended to at least meet current NFIP requirements and standards to establish a level playing field.

We want to be clear that we are **not against privatized flood insurance**. In fact, we believe that there can be a program where they coexist. We understand these issues are part of a broader NFIP reform discussion that is ongoing now and should be treated as such. We encourage the Senate to proceed cautiously with passing a bill of this nature, as it could result in significant and unintended consequences.

We respectfully request that you strongly consider making this legislation a part of the NFIP reform so that it can have its due process of debate, amendments, etc. For additional information, please contact us at www.arkansasfloods.org.

Sincerely,



Richard Penn, PE, CFM®
Chairman



Lee Beshoner, PE, CFM®
Vice Chairman

Cc: Representative Rick Crawford
Representative French Hill
Representative Steve Womack
Representative Bruce Westerman
Mr. Conrad Battreal, PE, CFM®, AFMA Executive Director