



Independent Insurance Agents
& Brokers of America, Inc.



June 12, 2017

The Honorable Jeb Hensarling
Chairman
United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member
United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Sean Duffy
Chairman
United States House of Representatives
Committee on Financial Services
Subcommittee on Housing and Insurance
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Emmanuel Cleaver
Ranking Member
United States House of Representatives
Committee on Financial Services
Subcommittee on Housing and Insurance
2129 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Hensarling, Ranking Member Waters, Chairman Duffy, and Ranking Member Cleaver:

We greatly appreciate your work over the years to ensure the continuity of the National Flood Insurance Program (NFIP). The NFIP protects nearly 5 million policyholders from the risk of flood. Reauthorizing the program before Sep. 30 is critical to providing certainty to the real estate marketplace and protection for homeowners and communities during the final months of the 2017 hurricane season and beyond.

The committee has invested significant time and resources to make NFIP reform and reauthorization a priority, and we share your goal of legislation that allows for private sector innovation to help strengthen the NFIP fiscally and ensure affordable flood insurance coverage is available to all Americans.

We are concerned, however, that several provisions in the draft legislation would dramatically reduce private sector participation in the program by adding new regulatory burdens for Write-Your-Own (WYO) companies and agents while simultaneously imposing a below-market cap on their reimbursement rates for existing services provided. Taken together, the draft legislation could make continued participation in the WYO program untenable for many insurance carriers, limiting options for consumers and ultimately raising costs for the government as more and more policies move to the NFIP-Direct program.

The WYO Program was created in 1983 under President Reagan to increase the number of homeowners with flood insurance coverage and improve customer service by leveraging the existing private sector infrastructure of experienced insurance agents and companies to sell and

service NFIP policies. According to the most recent available data, WYOs write 86 percent of all NFIP policies, filling a critical role for over 4.29 million policyholders.¹ According to a report released by the Senate Banking Committee, WYO agents have played a vital role in educating policyholders about their risks and coverage and have a better claims paying record than the NFIP Direct. Congressional witnesses have similarly testified that WYOs perform far better than the government in communicating and managing claims.

Due to these harmful impacts and the potential for market-place instability, **we oppose the legislative package** in its current form as it will likely negatively impact consumers and not provide the reforms needed to encourage growth of a private flood market as an alternative. That noted, we hope to provide further policy recommendations for inclusion in a final bill that can accomplish our shared goal without imposing unnecessary and drastic costs on those who sell and service NFIP policies.

We thank you for your continued work on this vital issue, and appreciate your consideration of our concerns.

Sincerely,

National Association of Mutual Insurance Companies
Property Casualty Insurers Association of America
Independent Insurance Agents & Brokers of America
American Insurance Association

cc: Members, Committee on Financial Services

¹ <http://www.iii.org/fact-statistic/flood-insurance>.