

**MEMORANDUM**

To: Members of the Committee on Financial Services

From: FSC Majority Staff

Date: November 14, 2014

Subject: November 19, 2014, Housing & Insurance Subcommittee Hearing Entitled  
“Opportunities for a Private and Competitive Sustainable Flood Insurance  
Market”

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The Subcommittee on Housing & Insurance will hold a legislative hearing entitled “Opportunities for a Private and Competitive Sustainable Flood Insurance Market” on Wednesday, November 19, 2014 at 2:00 p.m. in Room 2123 Rayburn House Office Building (i.e., the Energy and Commerce Committee hearing room).

The following witnesses will testify:

- Mr. Steve Ellis, Vice President, Taxpayers for Common Sense
- Mr. Jordan N. Gray, Senior Vice President and General Counsel, WNC Insurance Services, Inc.
- Mr. Don Brown, Florida Property Insurance Expert

In 1968, Congress created the National Flood Insurance Program (NFIP), which is administered by the Federal Emergency Management Authority (FEMA) and provides flood insurance to approximately 5.6 million policyholders across the country. In 1973, Congress passed the Flood Disaster Protection Act, which mandated that federally regulated or insured lenders require the purchase of flood insurance on properties with a federally-backed mortgage that are located in areas at high risk of flooding. While the mandatory purchase requirement did not stipulate whether the insurance coverage must be provided under the NFIP, the effect, over time, was to discourage private sector involvement in the flood insurance market and funnel virtually all flood risk through the federal program.

This hearing will focus on H.R. 4558, the Flood Insurance Market Parity and Modernization Act of 2014, introduced by Reps. Dennis Ross and Patrick Murphy on May 1, 2014. H.R. 4558 would amend the Flood Disaster Protection Act of 1973 to clarify that flood insurance offered by a private carrier outside of the NFIP can satisfy the mandatory purchase requirement. The legislation defines acceptable private flood insurance as a policy that provides flood insurance coverage issued by an insurance company that is licensed, admitted, or otherwise approved to engage in the business of insurance in the

State or jurisdiction in which the insured property is located. H.R. 4558 would also treat as acceptable private flood insurance a policy issued by an insurance company that is eligible as a non-admitted insurer to provide insurance in the state or jurisdiction where the property to be insured is located.

H.R. 4558, if enacted, would provide consumers with private sector alternatives to the NFIP and possibly reduce flood insurance premiums through greater competition.