

Statement of Senator Tim Johnson
Senate Committee on Banking, Housing and Urban Affairs
Reauthorization of the National Flood Insurance Program
September 22, 2010

Mr. Chairman, thank you for holding this important hearing regarding the reauthorization of the National Flood Insurance Program (NFIP).

The goal of the NFIP has always been to enable at-risk property owners in participating communities to purchase insurance as protection against potentially catastrophic flood losses. If such federal insurance were not available, citizens would be exposed to unacceptable risk, and Congress would face ever-escalating requests for federal grants to rebuild uninsured flood-zone properties. Though the NFIP does involve costs for the government and for individuals in flood zones, the program is a cheaper alternative to letting flood-zone properties remain uninsured.

But this program has faced many challenges in recent years, including an expansion in the size of the program, a debt to the Treasury, repetitive lost costs, and the reality that the policies may not be priced at their actuarial price. After Hurricane Katrina, this Committee began bipartisan work on legislation to reform and reauthorize the NFIP. While the Senate has passed legislation the past two Congresses, differences between with the House and Senate legislation have gone unresolved. Authorization for the NFIP has had to be extended on a short-term basis as Congress works to resolve differences over the longer-term reform.

These short term extensions have led to several temporary terminations of the program. These temporary terminations are disruptive, frustrating, and confusing to the many people who rely on flood insurance; they also cause uncertainty for those Americans trying to buy new homes. They also demonstrate how vital it is for Congress to approve a long-term extension and eventual reform of the NFIP, which would give certainty to those seeking to

purchase flood insurance for their homes. I am pleased that last night, the Senate approved an extension for one year.

In addition, I have supported reauthorization and modernization of the NFIP many times and continue to be hopeful that long-term reform can be agreed upon within the Senate and successfully reconciled with the House of Representatives. Now that we have approved a longer-term extension of the NFIP, we can work on modernization proposals. While the legislative days are numbered this year, making modernization proposals unlikely, I hope my colleagues and I can begin work on a modernization proposal that we can take up as soon as possible.