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National Association of Federally-Insured Credit Unions

June 13, 2017

The Honorable Jeb Hensarling
Chairman
House Financial Services Committee
United States House of Representatives
Washington, D.C. 20515

The Honorable Maxine Waters
Ranking Member
House Financial Services Committee
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Hensarling and Ranking Member Waters:

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), the only trade association exclusively representing the federal interests of our nation's federally-insured credit unions, I write in conjunction with tomorrow's mark up of National Flood Insurance Program (NFIP) legislation. NAFCU is committed to working with the committee to achieve long-term reauthorization of the NFIP before the September 30, 2017 deadline.

NAFCU is pleased to see the following program improvements included in the legislation:

- Transparency of NFIP premium rates and methodologies
- Increasing coverage limits for both property and structures
- Capping annual risk premiums at \$10,000
- Decreasing annual rate increase caps to 15%
- Addressing the need for improved technology and expediency of mapping efforts
- Taking steps to maintain the financial solvency of the program and market stability

NAFCU has concerns with the drastically increased NFIP privatization efforts, as a private program would "cherry pick" low risk policies and put the burden on the federal government to become the insurer of last resort for high risk policies. This would impact premiums and rates across the risk pool, making flood insurance unaffordable for those who need it most. This problem would be further exacerbated by the removal of the non-compete requirement of Write-Your-Own providers, and could lead to abuses in the system.

The driving mission of credit unions is to focus on serving their members and to ensure their financial wellbeing. The proposal to increase civil penalties from \$2,000 to \$5,000 would further increase the NFIP's regulatory-compliance burden on small lenders; making it more difficult for credit unions to serve their members. Additionally, allowing for under-insurance, or coverage for replacement cost value, places financial institutions in a difficult position and in the event of a major disaster could jeopardize the financial soundness of an institution.

We thank you for the opportunity to provide input on these proposals and look forward to working with you to ensure the reauthorization of the NFIP before the September 30, 2017 deadline. Should you have any questions or require any additional information please do not hesitate to contact Gaurav Parikh, NAFCU's Associate Director of Legislative Affairs, at 703-842-2261.

Sincerely,

A handwritten signature in black ink, appearing to read "Brad Thaler", with a long horizontal flourish extending to the right.

Brad Thaler
Vice President of Legislative Affairs

cc: Members of the House Financial Services Committee