



## Consumer Federation of America

1620 I Street, N.W., Suite 200 \* Washington, DC 20006

October 16, 2007

**RE: URGE SUPPORT FOR FLOOD INSURANCE BILL IN BANKING  
COMMITTEE MARK-UP**

Dear Senator:

**The Consumer Federation of America strongly urges you to support the Flood Insurance Reform and Modernization Act of 2007, which will be marked up tomorrow in the Senate Banking Committee. We also urge you to oppose an amendment proposed by Senators Schumer and Martinez that would expand the National Flood Insurance Program (NFIP) to cover losses from wind damage.**

This bill takes several very important steps to protect taxpayers, increase the market penetration of flood insurance, and eliminate unjustified subsidies in the flood program. In particular, the bill would phase out subsidies for vacation and second homes, properties built before the availability of Flood Insurance Rate Maps (FIRMs), and structures that have experienced severe repetitive losses. It would also require the NFIP to build reserves over time, add a 500-year floodplain to the flood maps, and require the evaluation of flood risk behind dams and levees. It also would take the important step of creating an ombudsman office to investigate problems in the NFIP, including waste and fraud. All of these steps would help bring the NFIP back toward solvency, ensuring that it will be available for homeowners who need it.

We urge you to oppose the amendment that would require the NFIP to cover wind losses for the first time ever (at non-subsidized rates). Requiring the Federal Emergency Management Agency (FEMA) -- one of the most incompetent federal agencies in recent history -- to supervise the adjustment of both flood and wind claims could be a recipe for disaster for many homeowners and taxpayers. The amendment requires wind policies to be underwritten, but places no requirements on FEMA or localities to reduce possible wind damage on homes that the government would insure. It does no one -- rich or poor -- any favor to allow unwise construction in risky areas.

Sincerely,

Travis B. Plunkett  
Legislative Director  
Consumer Federation of America

J. Robert Hunter  
Insurance Director  
Consumer Federation of America