
NFIP Considerations in Coronavirus Environment

The onset of coronavirus has put many Americans in a precarious position financially, requiring them to make tough decisions about how to operate on tighter budgets. At the same time, the need for Americans to maintain coverage against the peril of flood is significant. In recent years, numerous flooding disasters (e.g. Harvey, 2016 Baton Rouge floods) have struck coastal and riverine America, and ~75% of victims in these instances do not have flood insurance. This can be attributed to a combination of factors, including homeowners not understanding their true flood risk, an expectation that the federal government will bail them out, and flood insurance being too expensive/inaccessible.

With the current reauthorization due to expire September 30, and Risk Rating 2.0 on the horizon, NFIP affordability and sustainability remains a critical issue. GNO, Inc. is advocating for proposals which will help existing NFIP policyholders maintain flood coverage, while encouraging others to secure coverage, in the current environment:

- **Extend grace period for NFIP policy renewals** – Ensure impacted households have access to flood protection. There is typically a 30-day grace period to renew policies, but due to widespread economic disruption, the grace period was extended to 120 days for policies expiring between February 13-June 15, 2020. While the extension represents a good start, the expiration of this extension is of concern considering it aligns with the beginning of hurricane season.
- **Ensure affordability for policyholders experiencing economic hardship** - Allow policyholders who let policies lapse, due to hardship, to grandfather in at their existing rate.
- **Release of Risk Rating 2.0 rate information** – Currently, Risk Rating 2.0 rates are due to be released in April 2021 and implemented in October 2021; given economic uncertainty, provide more time for rate information to be considered (a year between release of rates and implementation) and delay implementation to 2022

As homeowners and business owners try to stay afloat, the added potential for destructive losses caused by a flood could be financially catastrophic for those who lack flood coverage. According to FEMA, just six inches of water can cause more than \$50,000 in damage to a home. We urge Congress to take appropriate measures to protect households and businesses by keeping NFIP coverage as affordable as possible to help them protect their most valuable assets.