

**OPPOSE WIND AMENDMENTS TO S. 2284
NATIONAL FLOOD INSURANCE REFORM AND MODERNIZATION ACT**

**Consumer Federation of America • American Consumer Institute • Defenders of Wildlife
Environmental Defense • Friends of the Earth • National Wildlife Federation
Republicans for Environmental Protection • Association of State Floodplain Managers
Americans for Prosperity • Council for Citizens Against Government Waste
Competitive Enterprise Institute • FreedomWorks
Taxpayers for Common Sense • Association of Bermuda Insurers and Reinsurers
Reinsurance Association of America • Professional Insurance Agents**

May 5, 2008

United States Senate
Washington, D.C. 20510

Dear Senator:

During consideration of S. 2284, the Flood Insurance Reform and Modernization Act of 2008, we **strongly urge you to oppose any amendments to expand the National Flood Insurance Program (NFIP) program to include wind damage insurance or to create new federal natural catastrophe loan, insurance or reinsurance programs.**

Although our groups have differing priorities, we all agree that expanding the NFIP program to include wind damage insurance would:

- Overwhelm the NFIP. The program already has an \$18 Billion deficit and is struggling to resolve flood claims, manage fraud arising from Hurricane Katrina payouts, and prevent insolvency. Adding wind insurance will distract from the program's mission and substantially undermine efforts to stabilize the program.
- Result in incentives to build in unsafe or environmentally fragile areas. Supporting wind insurance that encourages unwise construction in high risk areas sends the wrong message to communities regarding the environmental impact and danger of living in hazard-prone coastal areas and floodplains—areas that may be increasingly vulnerable given the potential impacts of climate change.
- Cost taxpayers billions. Experience with the NFIP shows and the American Academy of Actuaries confirms that adding federally backed wind insurance will not be actuarially sound—despite language to the contrary. Taxpayers nationwide will be left to pay the cost of wind damage, which would more than triple the government's exposure under NFIP.
- Discourage the provision of wind insurance by the private sector.

Similar problems apply to the creation of new federal natural catastrophe programs that would require the federal government to provide loans intended to bail out state natural disaster

catastrophe funds or require the federal government to provide government reinsurance for a state's property and casualty insurance program. Therefore, if offered as an amendment to the NFIP bill, we urge you to oppose H.R. 3355 or its companion bill (S. 2310).

There are better ways to help people who already live in areas vulnerable to catastrophic storms—tax credits, loans, and grants to low and fixed-income property owners to encourage them to storm-proof and protect their homes and businesses.

Very truly yours,

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