

Free Market, Environmental, Insurance Groups: Flood Insurance Privatization Is Possible

WASHINGTON, DC – Representatives of the free-market, environmental, and insurance interests supportive of changes to the National Flood Insurance Program expressed their support of efforts to strengthen the free market’s role in providing flood insurance. The following comments may be used for attribution.

“Consumers, insurance interests, and environmental groups have all spoken out in favor of moving towards a partly private market for flood insurance. A truly complete reform plan should include partial privatization. We can’t privatize this program overnight. But some initial pilot programs would make a lot of sense as Congress moves forward.”

-- Eli Lehrer is vice president of Washington, DC operations for The Heartland Institute. He can be reached for further comment at 202-615-0586 or elehrer@heartland.org.

“One of the original goals of the National Flood Insurance Program was to reduce environmentally destructive development of the floodplain, but instead it’s become a program that subsidizes floodplain development.

“The National Wildlife Foundation believes it’s essential to remove these subsidies to ensure that the NFIP charges market-based rates that reflect the true cost and risk associated with floodplain development. All options to achieve market-based rates and protect the environment should be considered as a means of correcting this problem.”

-- Joshua Saks is senior legislative representative for water resources campaigns, National Wildlife Federation. He can be reached at 202-797-6801 or saksj@nwf.org.

“The reinsurance market has capacity and interest in underwriting flood risk. We are encouraged by FEMA’s initiative and the direction of the Congress in seeking a private sector role in the NFIP.”

-- Frank Nutter is president of the Reinsurance Association of America. He can be reached at 202-783-8390 or fnutter@raa.org.

“Reinsurance markets have abundant capacity and are interested in writing all kinds of U.S. catastrophe risk. Reinsurers provide coverage today against flooding in U.S. commercial property markets and in markets outside the NFIP. In the rest of the world we also write large

amounts of flood reinsurance protection. Given the ability to have underwriting and rating freedom private capital can be deployed to take on this risk.”

-- *Bradley Kading is president of the Association of Bermuda Insurers and Reinsurers. He can be reached at 202-783-2434 or Bradley.Kading@ABIR.bm.*