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Tropical Storm Bonnie Dissipates; Still No Plan from Congress on Flood Insurance

WASHINGTON – Tropical Storm Bonnie served as another reminder that Congress needs to address the vital need for a long-term solution for the National Flood Insurance Program (NFIP), according to the Property Casualty Insurers Association of America (PCI).

“Tropical Storm Bonnie serves as a reminder that coastal residents need to remain vigilant during hurricane season and make safety preparations before severe weather is imminent,” said Ben McKay, senior vice president of federal government relations for PCI. “Congress must also heed this storm warning and refocus on the vital need for a long-term reauthorization for the flood insurance program.”

Since 2008, the National Flood Insurance Program (NFIP) has been operating under a series of short-term extensions. This year alone, Congress has allowed the NFIP to lapse four times. During these lapses, new flood insurance policies could not be written, leaving homeowners vulnerable and delaying thousands of real estate transactions per day in flood-prone regions. This is particularly troubling for those who may be impacted by the Deepwater Horizon oil spill should a storm occur.

“It is time to put politics aside and look at long-term solutions for the flood insurance program,” said McKay. “The flood insurance program will expire again on September 30 if Congress does not act. This inconsistent approach leaves millions of home and business owners vulnerable in the midst of hurricane season.”

The NFIP provides over 5.6 million Americans with vital protection from devastating floods associated with hurricanes, tropical storms, heavy rains and other conditions that impact the U.S. Standard homeowners insurance does not cover flooding and must be purchased through the NFIP. Real estate closings across the nation are also delayed during these NFIP hiatus periods for purchasers who are required to obtain flood coverage under federally-backed mortgage requirements.

Flood Insurance by the Numbers:

- 5,629,263: Total flood insurance policies in the United States
- 167,099: Number of claims paid following Hurricane Katrina (2005)
- \$16.1 billion: Value of claims paid from Hurricane Katrina damages (2005)
- 46,137: Number of claims paid following Hurricane Ike (2008)
- \$2.6 billion: Value of claims paid from Hurricane Ike damages (2008)
- 53: Days this year when flood insurance policies could not be issued or renewed due to NFIP lapses.
- 30: Federal disasters declared already in 2010 due to flooding.
- 23: States that have been affected by flooding already in 2010.

Flood Insurance Policies Per Coastal State (As of 3/31/2010)

- Florida: 2,141,076
- Texas: 681,425
- Louisiana: 483,593
- South Carolina: 201,932
- North Carolina: 135,761
- Georgia: 96,960
- Mississippi: 76,336
- Alabama: 56,430

Floods are the most common natural disasters to occur in the United States. With over \$18 billion in debt, the NFIP is a program that needs meaningful reform. On July 2, President Obama signed into law the latest short-term NFIP extension following a four-week program hiatus. The NFIP is now set to expire again on September 30, 2010, at the height of the 2010 Atlantic Hurricane Season.

PCI supports H.R. 5114, sponsored by Representative Maxine Waters which would reauthorize the NFIP through 2015. The bill takes a responsible approach to making the flood program more financially stable, providing the program with an important five-year extension and limiting additional federal exposure to natural disasters.

PCI is composed of more than 1,000 member companies, representing the broadest cross-section of insurers of any national trade association. PCI members write over \$180 billion in annual premium, 37.4 percent of the nation's property casualty insurance. Member companies write 44 percent of the U.S. automobile insurance market, 30.7 percent of the homeowners market, 35.1 percent of the commercial property and liability market, and 41.7 percent of the private workers compensation market.

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