

### ***Summary from the Consultants***

A lot of time was spent this month preparing testimony and witness questions for use at the two NFIP hearings before the Senate Banking Committee. Additionally, a detailed Risk Rating 2.0 information request letter from Sen. John Kennedy (R-LA) to FEMA is now being circulated for endorsement by other Senators. A description of these efforts and summary notes from both hearings are provided below.

### ***Senate Banking Committee, June 16, 2022 (click to view)***

#### Witness Panel:

- Jana Henderson, Mississippi Emergency Management Agency
- Dr. Peter Van Doren, Cato Institute
- Jerry Theodorou, R Street Institute
- Douglas Quinn, American Policyholder Assoc
- Professor Sam Brody, Texas A&M University
- [Joint testimony](#) prepared by us for multiple organizations (identical to our May testimony before the House Financial Service Committee)
- Suggested [witness questions](#) prepared for Sen. John Kennedy (R-LA)

#### Noteworthy Question and Answer Developments

Senator Pat Toomey (R-PA), the Ranking Member of the Banking Committee, has been a stalwart supporter of FEMA's Risk Rating 2.0. However, during the June 16 Banking hearing, Senator Toomey seemed persuaded by the pleadings of Committee Member John Kennedy for significantly improved FEMA transparency on Risk Rating 2.0. Ranking Member Toomey said the following (Scroll to 01:18:14 through 01:18:34 in the [video recording](#).) "...this discussion this morning is underscoring the importance of having reforms built into a reauthorization and one of them, certainly, should include an obligation for FEMA to fully disclose their methodology, their algorithms, whatever process they used to establish premiums..."

The line of questioning by Senator Kennedy that preceded the Ranking Member's statement may be viewed from 01:11:10 through 01:18:06 in the video. While the acknowledgement by Ranking Member Toomey is promising, it isn't clear to us that the public should be made to wait for an NFIP reauthorization to get government transparency on key data and methodologies underlying the radical Risk Rating 2.0 reforms to NFIP risk rating and premium setting. Risk Rating 2.0 is already in place. Congress should immediately pass the bipartisan Risk Rating 2.0 directives included in legislation sponsored by Senator Cindy Hyde-Smith (R-MS) and Representative Garret Graves (R-LA). See: S. 3934 and H.R. 7364.

#### [Consultants' Hearing Notes](#)

### ***Senate Banking Committee, June 23, 2022 (Click to view)***

#### Witness

- David I. Maurstad, Assoc. Administrator for Resilience (Acting), FEMA
- Suggested [witness questions](#) prepared for Senator John Kennedy (subsequently incorporated into the draft letter discussed below)
- Information request letter to David Maurstad, FEMA (draft circulating on Capitol Hill)

## [Consultants' Hearing Notes](#)

### ***Draft Letter Sen. Kennedy et al to David Maurstad (as of June 30, 2022)***

A draft letter to David Maurstad, the June 23 Banking Committee hearing witness representing FEMA and the Biden Administration, is being circulated for signatures on Capitol Hill. We expect the letter to be issued next week. The following summarizes the letter.

- The draft letter thanks Mr. Maurstad for his June 23 testimony on NFIP reauthorization and reform and requests additional information about the Risk Rating 2.0 pricing methodology for NFIP premiums.
- It explains how the requested information is essential to understand the status and operations of the NFIP and the potential benefits and costs of the broader NFIP reforms that the Administration proposed in May. Thus far insufficient data has been disclosed to evaluate Risk Rating 2.0 and make judgements about how to address FEMA's implementation of premiums in a reauthorization bill.
- It requests that FEMA publish all the datasets, programs, models, simulations, complete regression model outputs for rating factors, including associated confidence intervals, and inputs and outputs, including all the data and methods described in FEMA's "Risk Rating 2.0 Methodology and Data Sources, January 18, 2022."
- It further requests that this information be published together with step-by-step user manuals and complete program documentation so that the risk and premium computations performed under Risk Rating 2.0 may be completely replicated to include reproducing a premium computation for any given property as described by a physical location and property and building characteristics (but not identified as a specific actual property to protect the privacy of policyholders).
- The letter explains that because FEMA has already disclosed information at the county level showing the distribution of premium increases and decreases, it is also requested that FEMA provide from its datasets the actual premium distribution information as described in Section 2(c)(7) of S. 3934, the "Homeowner Flood Insurance Transparency and Protection Act". If the datasets are available to produce distributions of "increases and decreases" in premiums, then the actual premium distribution data, as requested, are also available and if provided in the manner requested, will not disclose any individual information.
- The letter will ask that all the above and following information be published online by a date certain (TBD) for public review.
- Finally, the letter encloses questions that will be used in evaluating both the NFIP and the Administration's legislative proposal for reform and reauthorization of the program.

### ***Status of NFIP Extension***

The Biden Administration submitted a 100-plus page legislative proposal in May outlining 17 NFIP reforms, including imposition of a new construction ban in SFHAs (i.e., newly constructed residential and commercial properties would not be eligible for flood insurance coverage under the NFIP). It is not expected that the Congress will pass a long-term reauthorization and reform bill this year. Instead, most anticipate passage of another short-term NFIP extension of 12 months or less. Congressional authority for the NFIP expires on September 30, 2022.



**Phone** 281-242-0000  
**Website** [www.FortBendCounty.com](http://www.FortBendCounty.com)

**Social Media**  
    #WhyFortBend