



*Congress of the United States
House of Representatives
Washington, D. C. 20515*

*Anna G. Eskoo
Fourteenth District
California*

December 12, 2002

The Honorable J. Dennis Hastert
Speaker of the House of Representatives
H-232 The Capitol
Washington, D.C. 20515

Dear Mr. Speaker,

I'm writing about a notice Members of Congress received from Anthony S. Lowe, Administrator of the Federal Insurance and Mitigation Administration, regarding Congress's failure to reauthorize the *National Flood Insurance Act*.

After reviewing Mr. Lowe's letter I believe that it's imperative for the House to adopt the necessary reauthorization legislation at the earliest opportunity. At the start of the 108th Congress, I plan to introduce a one-year reauthorization bill similar to the one passed by the Senate in November.

Hundreds-of-thousands of American homeowners will be uninsured and potentially liable for property damage and loss due to flooding because the 108th Congress is not scheduled to convene until January 7, 2003, a full week after the authority to renew existing policies and issue new policies expires on December 31, 2002.

According to Administrator Lowe, "This lapse in authority in January alone could affect as many as 400,000 households seeking to obtain or renew a flood insurance policy in nearly 20,000 communities in all 50 States and territories." He adds, "since policy renewal billing is generally conducted 45-90 days prior to expiration of a policy, unless our authority to renew policies is reauthorized immediately, many more individuals will be impacted than the above initial estimate."

There was ample opportunity for the House to address this issue right up to the end of the 107th Congress. The Senate passed a bipartisan reauthorization bill, S. 13, by unanimous consent on November 22, 2002. However, the House adjourned without acting on this measure. Additionally, H.R. 5605, the House version of the Fiscal Year 2003 *VA, HUD, and Independent Agencies Appropriations Act* contained a one-year reauthorization of the *National Flood Insurance Act*. Because the House didn't bring H.R. 5605 to the floor before adjourning, we



must correct this policy oversight. It's a reminder that reliance on short-term continuing resolutions to fund our government can have severe policy consequences for the public.

We must move forward responsibly. Besides adopting the necessary reauthorization of the *National Flood Insurance Act*, the House should protect all individuals who will be affected by the lapse in the authorization by making the reauthorization effective January 1, 2003, as Administrator Lowe has recommended. My bill will meet both of these objectives. I'm asking you to work with me to move this legislation as soon as the 108th Congress begins.

Thank you for your consideration. Working together we can resolve this issue which affects so many Americans.

Sincerely,

A handwritten signature in black ink, appearing to read 'Anna G. Eshoo', written over a large, loopy scribble.

Anna G. Eshoo

cc. The Honorable Nancy Pelosi

Enclosure



Federal Emergency Management Agency

Washington, D.C. 20472

December 6, 2002

United States House of Representatives
Washington, DC 20515

Dear Representative:

On December 31, 2002, certain basic authorities for the Federal Emergency Management Agency's National Flood Insurance Program (NFIP) will expire. The continuing resolution (P.L. 107-294), which extends FY 02 baseline funding through January 11, 2003, does not extend NFIP authorization. This lapse in authority in January alone could affect as many as 400,000 households seeking to obtain or renew a flood insurance policy in nearly 20,000 communities in all 50 States and territories.

In particular, the lack of authorization for NFIP to issue and renew policies will cause significant disruption to policyholders, the lending and real estate industries, secondary mortgage market, many private insurance companies writing flood insurance under arrangements with the NFIP, and particularly those seeking home loans or mortgage refinancing that requires flood insurance as a precondition to settlement.

The lapse in authorization will also have a negative impact on public entities that provide or require flood insurance, including Fannie Mae and Freddie Mac, which together control about 85% of the secondary mortgage market in the country. In addition, since policy renewal billing is generally conducted 45-90 days prior to expiration of a policy, unless our authority to renew policies is reauthorized immediately, many more individuals will be impacted than the above initial estimate.

The four authorities requiring reauthorization are sections 1309(a)(2), 1319, 1336 and 1376(c) of the National Flood Insurance Act of 1968 (P.L. 90-448). Should they lapse, the resulting uninsured flood losses could impose significant hardship on citizens, and increase costs to the Federal government and the States. I would urge Congress to act as quickly as possible to reauthorize this important program effective January 1, 2003. Should you have any questions on this issue, please do not hesitate to contact our Congressional and Intergovernmental Affairs Division at (202) 646-4500. Thank you for your consideration.

Sincerely,

Anthony S. Lowe
Administrator
Federal Insurance and Mitigation Administration