

[Doubts Raised About NFIP Borrowing Authority Increase](#)

Property Casualty 360

BY ARTHUR D. POSTAL, PROPERTYCASUALTY360.COM The fate of what is seen as a needed increase in the borrowing authority of the National Flood Insurance Program before year-end is in doubt as Congress breaks until Wednesday. For one thing, as of this morning, opposition in the House to tax increases of any kind throws into doubt whether Congress will be able to pass any legislation dealing with the so-called fiscal cliff before year-end. There has been speculation among industry lobbyists that legislation increasing the borrowing authority would be tucked into a bill addressing the fiscal cliff. Additionally, in the Senate, Republicans this week sought to slash the administration's \$60.4 billion for Sandy reconstruction to \$23.8 billion in initial aid and a subsequent review of longer-term needs. The Obama administration submitted a request to raise the NIFP's borrowing cap from the current \$20.775 billion to \$30.4 billion as part of the request for \$60.4 billion in aid for areas stricken by Sandy. But the issue of the borrowing authority has not come up in talks this week in either the Senate or the House as conservatives in Congress raised serious doubts about the need to grant \$60.4 billion in aid. The Senate is in session starting at 1 p.m. today, but industry officials say they doubt whether the issue will be dealt with before Wednesday, when Congress returns to work after the Christmas recess. The only good news appears to be that support for legislation providing incentives for adoption and enforcement of building codes by the states picked up support in the Senate this week. The legislation was introduced by Sens. Robert Menendez, D-N.J., Frank Lautenberg, D-N.J., Kirsten Gillibrand, D-N.Y., and Charles Schumer, D-N.Y. It would increase the amount of post-disaster grant money available to qualifying states by four percent. "Strong building codes protect property, save lives and ultimately reduce taxpayer exposure to natural disasters," says Jimi Grande, senior vice president, federal and political Affairs for NAMIC. Companion legislation in the House is H.R. 2069. It has 40 House co-sponsors, including 21 Democrats and 19 Republicans. As of Dec. 11, the NFIP had \$2.9 billion of borrowing authority left, with less than \$1 billion in cash on hand. The Federal Emergency Management Agency has been keeping its cash needs close to the vest, but the industry fears a situation similar to December 2005, when NFIP cash ran out

The information presented in this publication is for general informational purposes and is not a substitute for legal advice. If you have a specific legal issue or problem, United Policyholders recommends that you consult with an attorney. Guidance on hiring professional help can be found in the "Find Help" section of www.uphelp.org. United Policyholders does not sell insurance or certify, endorse or warrant any of the insurance products, vendors, or professionals identified on our website.

Source: <https://uphelp.org/doubts-raised-about-nfip-borrowing-authority-increase/> Date: April 11, 2025

and FEMA had to stop providing cash to agents and claims representatives of Write-Your-Own companies to pay claims from Hurricanes Rita and Katrina. Matt Gannon, NAMIC assistant vice president for federal affairs, says that on the NFIP funding question, “While party leaders still don’t agree on total spending levels for Sandy relief, neither side is pushing back on raising the NFIP’s borrowing authority by the White House’s requested amount.” However, he acknowledges, “A deal needs to happen. We urge Congress not to drop the ball when Sandy victims are still trying to recover from the storm.” Another lobbyist says that, with fiscal-cliff negotiations at an impasse, whether Congress will attach the hike to another piece of moving legislation, and the amount of the hike they will support, in the waning days of the year is now a huge question mark. The lobbyist estimates that the NFIP will run out of cash to pay claims by Jan. 15. Privately, industry officials blinked when Sen. John McCain, R-Ariz., said on the Senate floor Tuesday that that the bill is rife with unnecessary and unneeded provisions. “Every one of my colleagues on this side of the aisle want to act quickly to provide the much needed relief for the people who have been impacted by the horrible effects of Hurricane Sandy,” McCain said. “But we cannot consider this legislation in a vacuum.” McCain pointed to a Congressional Budget Office review of the bill he said found that 64 percent of the funds requested would not be spent until 2015 at the earliest. He also objected to specific line items in the bill he said were not necessary, such as \$150 million in aid for fisheries and \$120 million for a watershed protection program for areas damaged by drought and wildfire. Sen. Tom Coburn, R-Okla., another strong voice against unnecessary federal spending, is also raising strong opposition to the size of the package. And, in the House, which last night rejected a proposal that would raise taxes on the rich, opposition from conservative Republicans is also strong. A spokesman for Rep. Hal Rogers, R-Ken., chairman of the House Appropriations Committee, says that additional appropriations were not necessary at the moment. Jennifer Hing, a Rogers spokeswoman, says, “Before we release another round of federal dollars, let’s have all the information we need to make the best possible decision. Congress has already approved \$7.1 billion, and FEMA has not indicated that more is needed at this point.”