

Testimony of
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Committee on Homeland Security and Governmental Affairs
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Good morning Chairman Lieberman, Ranking Member Collins, and Members of the Committee. I am Michael Buckley, Deputy Assistant Administrator for the Mitigation Directorate for the Federal Emergency Management Agency (FEMA) within the Department of Homeland Security. I appreciate the opportunity to appear today before the Committee to discuss the impact of climate change on the National Flood Insurance Program (NFIP).

As a cornerstone of FEMA's Mitigation strategy to help the Nation's communities reduce their vulnerability to weather-related hazard events, the NFIP is predicated on effectively planning ahead for a changing environment.

With an inherent ability to readily recognize, plan for, and respond to gradually changing environmental conditions – whether caused by human activity or natural variability – the NFIP's day-to-day operations are not likely to be affected by current climate change estimates. During an average historic-loss year, the NFIP covers claims with policyholder premiums and related fees. However, as climate change evaluations and discussions consider a future of more extreme weather activity, it is important to point out that the NFIP is not always self-supporting, and was

not designed to handle a catastrophic event without the authority to borrow from the Federal Treasury.

Understanding that the landscape is in a constant state of flux, the NFIP relies on effective floodplain management, extensive historical data, Flood Insurance Rate Maps (FIRMs) and the best available information to help people and communities understand the flood risks they face, take action to reduce those risks, and insure against such risk.

For example, FEMA is updating the NFIP's Flood Insurance Rate Map (FIRM) system; combining historical and current data with state-of-the-art technology to compile modern, digitized maps. These new, digital FIRMs can clearly depict – faster and more accurately than ever before – the dynamic landscape conditions that affect important flood insurance and floodplain management decisions. With continued, adequate funding, FEMA's Map Modernization Program will give the NFIP and the Nation's communities a reliable planning and floodplain management resource for years to come. Just as importantly, FEMA will be able to update digital FIRMs to clearly reflect the gradually changing landscape and climatic conditions that affect flood risk, providing valuable support to the NFIP's continuing effort to accurately and fairly set flood insurance rates.

The NFIP helps communities across the Nation implement and enforce safer construction measures so their residents and businesses can purchase flood insurance coverage, which the Federal government – through policyholder premiums – provides.

With over \$1 trillion in insured assets and more than 5 million policyholders, the NFIP's land-use management and building code standards and guidelines help people and communities reduce their vulnerability to flooding, recover faster after floods, and protect their investments with a financial backstop. The NFIP requires participating communities to implement and maintain a standard, minimum set of building codes and floodplain management requirements, but the Program encourages NFIP communities to go beyond these minimum standards to effectively reduce their vulnerability. In fact, the NFIP's Community Rating System provides insurance rate discounts as incentives to NFIP communities that develop and implement floodplain management strategies that go beyond minimum NFIP requirements.

Of course, the NFIP is motivated to strike a balance between the long-term goal of fiscal accountability and the near-term objective of making sure that affordable flood insurance is available to residents and businesses located in flood-prone areas as Congress intended. Interestingly, the rather unique factors that help the NFIP offer affordable flood insurance coverage for everyone – discounts on pre-FIRM structures¹; a 10 percent cap on annual premium increases; and our Federal obligation to provide coverage to all applicants, regardless of the degree of risk – also impede our efforts to strengthen the Program's financial condition. As policymakers consider climate change and other flood insurance-related matters, the NFIP stands ready to work with the Congress and others to improve the Program's stability.

Clearly, we are not prognosticators at the NFIP. Our risk management strategies are designed to assess and insure against current, not future, risks. However, that does not mean that the NFIP ignores the warnings associated with climate change. It simply means that the Program already

¹ Structures built prior to the mapping and implementation of NFIP floodplain management requirements. Discounted rates are charged on the first \$35,000 of insured value because flood risks were not fully known to the property owner when the structure was built.

accounts for gradual environmental changes – regardless of their cause. This way, no matter how increasingly violent storms may become, fewer communities will be declared disaster areas – lives will be saved and damages reduced, recovery will be faster, and more homes and businesses will be protected with the financial safety net of flood insurance.

I will be happy to answer any questions that the Committee might have. Thank You.