



April 26, 2010

Chairman Barney Frank
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

Congressman Spencer Bachus
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

1399 New York Avenue, NW
Suite 720
Washington, DC 20005
Tel: 202-626-1404

Dear Chairman Frank and Ranking Member Bachus:

In preparation for upcoming consideration of legislation related to natural catastrophe insurance and reform of the National Flood Insurance Program, the Natural Catastrophe Policyholders Coalition (NCPC) submits the following comments.

NCPC is an alliance of organizations representing the interests of commercial insurance policyholders joined together to address issues related to the availability and capacity of commercial catastrophic risk insurance. Over the last several years, the NCPC has been monitoring legislation related to insurance during and after a major natural disaster for commercial real estate interests.

In the wake of a severe natural catastrophe, residential and commercial property owners experience severely inflated property insurance pricing and restricted property insurance availability. This lack of availability is a major factor in the ability of an impacted area to recover. Without natural catastrophe insurance reform, this cycle is certain to repeat itself. While H.R. 2555, the Homeowners' Defense Act of 2009, does not directly address the concerns of commercial insurance policyholders, the discussion surrounding this issue is important to the long-term financial well-being of our communities. We also support efforts to expand and modernize risk retention pools to give commercial insurance policyholders additional options.

NCPC urges swift consideration of a 5-year reauthorization and strengthening of the National Flood Insurance Program (NFIP). The NFIP provides property owners with needed insurance to protect their homes and businesses from losses due to flooding. Specifically, we request special consideration to the following important provisions:

- **Floodplain Mapping** Any attempt to map the 500-year floodplain should not delay completion of the 100-year floodplain maps.
- **Increased Policy Limits** The limits on policy indemnities are outdated. Increasing the amount of coverage a policyholder can purchase will infuse confidence in the lending industry, insuring mortgages at a rate closer to fair market value.
- **Reform of Premium Rate Structure To Protect Certain Properties Receiving Subsidized Premium Rates** Changes to the Premium Rate Structure should protect multifamily properties and rental properties. In addition, we support a study to consider the impact of phased-in actuarial rates on non-primary residences and nonresidential properties to identify the effect that increased insurance rates would have on land values, property taxes, renters and the overall surrounding economy.
- **Business Interruption Insurance** NFIP legislation should include optional business interruption (BI) coverage for residential and multifamily properties that also serve as a place of business.

The NCPC appreciates the opportunity to comment on these important issues and looks forward to working with you to strengthen the country's insurance markets. For additional questions or follow-up, please contact Jennifer Platt at jplatt@icsc.org or 202-626-1404.

Sincerely,

Natural Catastrophe Policyholders Coalition

American Hotel and
Lodging Association

American Resort Developers
Association

Building Owners and
Managers Association

Chamber Southwest Louisiana

CCIM Institute

Commercial Real Estate
Finance Council

Greater New Orleans, Inc.

International Council of
Shopping Centers

Institute of Real Estate
Management

Mortgage Bankers Association

National Apartment
Association

National Association of
Home Builders

NAIOP, Commercial Real
Estate Development
Association

National Association of Real
Estate Investment Trusts

National Multi Housing
Council