

Ranking Member Tim Scott (R-S.C.)
Opening Statement
Full Committee Hearing
May 2, 2023 at 10:00 AM

Thank you all for joining us, I appreciate both the witnesses and the one here with us virtually talking about such an important conversation. I'll certainly say as a lifelong South Carolinian, I understand the real loss and impact that flooding has on our communities, because I've lived through them.

In 2016, after Hurricane Matthew, I remember the devastation in the small town called Nichols, South Carolina, where the devastation of the storm was hard to watch. Even days after the storm was gone, the water was still above my knees as we looked for ways to help rebuild that community. Just two years later, Hurricane Florence came through the same town, washing away lives, homes, and businesses. Eight people were lost that year in South Carolina due to the storm.

When I think about these experiences, the one word that does come to mind is the word "resiliency." It's really important that our communities are resilient. And I will say without any question, the people of Nichols, South Carolina and so many of the other hard hit areas have proven to be resilient people. If the homes and the infrastructure built in these communities had the structural resilience to match the spiritual resilience of these residents, we wouldn't see the same kind of devastation that we do in the wake of major storms like Matthew and Florence.

Before coming to Washington, I spent a few years in the insurance business—about 23 of those years in the insurance business and more than half of that time with selling flood insurance. And I will say my experience goes back to Hurricane Hugo that devastated the Charleston area in a way that very few things ever [have]. And when you understand and appreciate the necessity of programs that work, you certainly do have an affinity and appreciation for the National Flood Insurance Program and its mission of helping out in some of the most challenging situations that we see.

You couple that with FEMA, you understand as a community starts to rebuild, the importance of having a federal program that works. My concern

is that when you look at the National Flood Insurance Program, the one thing we have to say is that it hasn't worked the way that it was intended to. If you look at the fact that in June 2017, we canceled \$16 billion of its debt, and yet NFIP still owes more than \$20 billion to the taxpayers.

That, to me, is a problem. And I think we can't just look through the prism of 'hopefully the federal government shows up when there is a need.' At the same time, we have to make sure that the federal government, the programs within the government are as efficient and as effective as humanly possible to meet the broader needs of the people.

One of the challenges I've often said is three states: Louisiana, South Carolina, and Florida, represent a disproportionate share of the premiums that flow into the National Flood Insurance Program. But when you look at the flood occurrences and incidents around the country, what you'll come to conclude is that flooding is impacting communities in Ohio, devastating communities in Iowa, and yet 40% of the premium that funds the program comes from three specific states. That means that the formula that we're using to calculate who should be paying into the system is insufficient and certainly leaves the program underfunded.

We have to reexamine the theory of—in my perspective, Mr. Chairman—not just flood insurance, but catastrophic occurrences that are happening more and more across the country, for us to understand and appreciate the necessity of what we're talking about. You can't do it in a silo of just flood insurance. We have to have a broader conversation about catastrophic occurrences because taxpayers are subsidizing wind activities, tornadoes, and other challenges, as well as flood activity. So when you see it from a panoramic view, you come to a very different understanding and appreciation for the weight of catastrophic occurrences on the American people.

Planning for that is something that we have just done poorly because we continue to see flood insurance and flood challenges, a National Flood Insurance Program as a coastal program, and the rest of the interior may not have to worry about it. But the truth of it is that we're seeing so many incredibly expensive incidents in the interior of our country, and not simply on our coast[s].

And that reinforces the importance of us having this conversation today and thinking about not only where they happen, but where the most vulnerable communities are least prepared to respond to the challenges. One of the areas where I think we could spend more time in disaster management is the area of prevention. That's why I'm reintroducing my bipartisan legislation, the Repeatedly Flooded Communities Preparation Act. This legislation seeks to provide more resources to those areas of our nation that face consistent and continuous flooding, breaking the costly cycle of repeated flooding and rebuilding is an ounce of prevention, and it certainly is worth a pound of cure.

Too often, both our conversations about flooding and the federal spending meant to address [it] is focused on large cities on the coast[s] where the costs and disasters are high. But we can't forget about the small towns and the rural communities far upriver [that] oftentimes have even higher risks, as I just described a few minutes ago. Most of you are aware of my work on Opportunity Zones, where economic development incentives are targeted to communities who need it most. Recent changes to better target federal mitigation efforts to underserved communities will have similar positive impacts.

Without an actuarially sound insurance program—and that's the challenge of premium insufficiency, is it's not actuarially sound because we have not understood the risk as it is, as opposed to the way that we think it should be—this program will never be financially solid. Without better mitigation and mapping costs for the insurance side of the program will continue to grow.

That is why a comprehensive reform to the NFIP is essential, and doing so is the only way to ensure that flood insurance can remain affordable, accessible and most importantly, helpful to policyholders when they need it the most. Let me just finish on that one thought there. We look at the FEMA disaster recovery, I think the maximum amount is around \$39,000 that people are able to be eligible for, whether you have flood insurance or not. We have to figure out how to make sure that Americans who need the coverage have the coverage, which I believe will reduce the burden that we're putting on the NFIP. We have to understand the risk as it is, and once again, not as we wish it was.

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