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Member of the National League of Cities and the National Association of Counties

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The Alaska Municipal League (AML) appreciates the opportunity to offer public testimony regarding Senate Bill 11, which proposes the establishment of the Alaska Flood Authority and the creation of a state-run flood insurance program. While AML does not have a formal position on this bill at this time, we are optimistic about its potential benefits for Alaska's communities and see this as a positive step toward addressing critical issues related to flood insurance availability and affordability in the state.

Alaska's municipalities, particularly those in flood-prone areas, face unique challenges in securing affordable and reliable flood insurance. The establishment of the Alaska Flood Authority and the creation of the Alaska Flood Insurance Fund are significant steps that may help mitigate these challenges. By increasing the availability of flood insurance and providing a state-backed alternative to the National Flood Insurance Program (NFIP), SB 11 offers a promising solution for property owners in Alaska's special flood hazard areas. The provision of coverage could help ensure that Alaskan communities are better protected in the face of increasing risks, such as floods, mudflows, and atmospheric rivers.

AML's members have long advocated for policies that support local governments in addressing the unique challenges of their communities. Flood insurance is a critical element in that effort, as it provides municipalities and their residents with a safety net in the event of significant damage from flood events. The creation of the Alaska Flood Authority, which will involve both insurers and consumers in its governance, appears to be a positive step toward ensuring that the flood insurance program is both equitable and responsive to the needs of Alaskans.

We recognize the importance of fully understanding the impact of the bill on various stakeholders, particularly insurers. The bill requires insurers to maintain membership in the authority and contribute to its operations, which could impact the structure and dynamics of the state's insurance market. The premiums and dues assessments required to fund the insurance program, as well as the potential for assessments on insurers to cover claims, could affect the cost of doing business in Alaska. Insurers may face challenges related to rate-setting, as the bill requires that premiums be determined based on historical flood data, which may not fully capture the unique risks present in different regions.

AML encourages further evaluation of how these changes might affect the availability and affordability of flood insurance, especially for smaller communities or those in remote areas. A collaborative approach, including ongoing dialogue with insurers, local governments, and other stakeholders, will be essential to the successful implementation of this program. The bill's requirement for annual reports and evaluations provides an opportunity to assess the program's effectiveness and make necessary adjustments.

While AML does not yet take a formal position on SB 11, we remain optimistic that this bill can provide meaningful support to Alaska's communities by enhancing flood insurance availability and strengthening resilience. We look forward to further discussions as it progresses through the legislative process.

Sincerely,

Nils Andreassen
Executive Director