

# REPORTER'S NOTEBOOK

## FEMA Urged to Address 'Huge Rate Hikes' Stemming from NFIP Bill

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**M**embers of Congress are demanding that FEMA finess the impact of steep flood insurance premium increases mandated by a 2012 law even as a key government watchdog lauded FEMA for its efforts to ensure that flood insurance rates reflect risks.

In a little-noticed recommendation to another report on flood insurance issues, the Government Accountability Office on July 3, 2013 praised FEMA for taking steps to ensure the “methods and data used to set NFIP rates accurately reflect the risk of losses from flooding.” GAO says it “continues to support previous recommendations to FEMA in that regard.”

The GAO recommendation was released the same day Rep. Maxine Waters, D-Calif., ranking minority member of the House Financial Services Committee and a key sponsor of the 2012 bill, joined 26 colleagues in a letter to FEMA urging the agency “to use discretionary authority to address an unintended consequence” of the *Biggert-Waters Flood Insurance Reform Act*, the 2012 bill.

In the letter, the House members said “a small percentage of homeowners are learn-

ing they may be subjected to rates that are ten, a hundred, and in some cases, more than a thousand times higher than their current subsidized rates.”

“While Congress has shown it is willing to act to address these issues, we believe that FEMA has the authority to administratively address some of the affordability issues arising from Biggert-Waters,” the letter says.

The letter asks FEMA to take steps to not implement a provision of the law that ending grandfathered premiums for policyholders, who, as a result of new flood-risk maps, have their risk designation changed to “below base flood elevation.”

The issue is of critical importance to the Louisiana Senate race. Sen. Mary Landrieu, D-La., is facing a challenge from Rep. Bill Cassidy, R-La. Both voted for the bill.

However, Cassidy pushed through the House several weeks ago an amendment to the Homeland Security Department appropriations legislation for the next fiscal year that would bar FEMA from using federal funds to implement the provision of the law, Sec. 207, which mandates the rate hikes over a five year period on any community that receives revised or new flood maps.

It would impact grandfathered rates, some dating back to 1969. Louisiana officials contend the rate hike will be devastating for some home and business owners, and that the impact could be even greater than that wrought by Hurricanes Katrina and Rita in 2005.

As the *New Orleans Times-Picayune* noted in a story on the issue, “Every member of the Louisiana congressional delegation voted for the flood insurance reform bill last year, which was billed as a way to bring stability to the deficit-plagued flood insurance program.”

Cassidy voted for the reform measure “to bring stability to the program,” but said that because of the way FEMA is developing new flood maps, there is a need for a delay to protect policyholders from unwarranted, large rate hikes.

Landrieu voted for the bill, even after acknowledging the provisions to end grandfathered rates would have to be revisited, as she was pushing through another provision, “The Resources and Ecosystems Sustainability, Tourism Opportunities and Revived Economy of the Gulf Coast Act.”

That provision mandates that 80 percent of the fines that BP is forced to pay because of the 2010 drilling rig explosion and subsequent oil spill should be sent to Gulf Coast states to use.

Landrieu also seeks to add to any legislation that hits the Senate floor an amendment to the bill that would delay implementation of Sec. 207 of law for three years.

It would also require FEMA to provide Congress with a detailed study of how the rate increases would impact the affordability of living in flood zones before any rate increases were applied.

Some of the grandfathered rates at issue have been in place since 1969, when Congress first acted to require that FEMA adjust rates based on the potential for flooding in a particular community. ☐