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**U.S. House Approves One-Year Delay in NFIP Rate Increases**

WASHINGTON - The U.S. House has approved language delaying by one year the implementation of National Flood Insurance Program reforms backers say would have caused exorbitant insurance rates in coastal areas.

Language preventing the implementation of Section 207 of the Biggert-Waters Flood Insurance Reform Act was included in an amendment to the Department of Homeland Security Appropriations bill that cleared the full House of Representatives.

The amendment, offered by Reps. Bill Cassidy, R-La., Cedric Richmond, D-La., Mike Grimm, R-N.Y., and Steven Palazzo, R-Miss., denies the Federal Emergency Management Agency funding for one year to implement Section 207 of Biggert-Waters (Best's News Service, June 4, 2013). That section removes subsidies and discounts on some NFIP flood insurance premiums at 20% annually for five years, according to a fact sheet from Cassidy's office. Specifically, Section 207 would end current grandfathered NFIP rates for existing policyholders who find themselves below "base flood elevation" requirements of new flood insurance rate maps, despite never having been flooded and having been built to meet earlier FEMA requirements for elevations and codes.

"This amendment will block those rate increases and give us time to carefully modify the Biggert-Waters Act," Cassidy said in a statement. "It is important to have a self-sustaining flood insurance program. However, it must account for the flood protections throughout south Louisiana that make massive flood insurance rates unnecessary."

Grimm said people in New York state who lost everything to Tropical Storm Sandy were faced with a huge flood insurance rate increase that would victimize them further. "By delaying the rate hikes mandated by Section 207 of Biggert-Waters, we can provide a window of respite for many struggling to rebuild, while Congress works toward a solution that eases the burden on homeowners and keeps flood insurance affordable for those who need it most," he said in a statement.

Palazzo said the amendment's passage was a victory for the Mississippi Gulf Coast, since it saves thousands who rebuilt after Hurricane Katrina in 2005 from steep insurance rates. "While we must ensure the flood insurance program remains fiscally solvent, we must do so in a compassionate way that doesn't penalize those who have followed the rules," he said in a statement. "This amendment would provide time for FEMA to study the affordability of flood insurance program changes, providing much-needed relief for homeowners and businesses across the Gulf Coast."

In March, Palazzo had introduced legislation that would have frozen NFIP rates for one year and spread out smaller rate increases over a 10-year period. He had also offered legislation to offer flood mitigation tax credits of up to \$5,000 for homeowners and small businesses, as well as grant funding to NFIP policyholders who take steps to mitigate future flood risks (Best's News Service, March 20, 2013).

Floods caused by Tropical Storm Sandy last year added to the NFIP's financial instability, which was already regarded by some lawmakers and industry observers as unsustainable before the storm. Sandy's flooding is expected to add between \$12 billion and \$15 billion to the NFIP's existing debt, according to a report by the Congressional Research Service (Best's News Service, April 30, 2013). In January, Congress was forced to raise the NFIP's borrowing authority by \$9.7 billion to ensure claims stemming from Sandy would continue to be paid (Best's News Service, Jan. 4, 2013).

(By Thomas Harman, associate editor, BestWeek) BN-NJ-06-11-2013 1655 ET #