

NATIONAL CONFERENCE OF INSURANCE LEGISLATORS (NCOIL)

Resolution Requesting United States Congress to Pass the Homeowners Flood Insurance Affordability Act

Adopted by the NCOIL Executive Committee on November 24, 2013 and by the Property-Casualty Insurance Committee on November 22, 2013. Sponsored by Sen. Dan Morrish (LA).

WHEREAS, the National Flood Insurance Act of 1968 was enacted to provide previously unavailable flood insurance protection to property owners and;

WHEREAS, the National Flood Insurance Program continues to provide important and necessary property coverage for home and business owners throughout parishes, counties, and communities nationwide; and

WHEREAS, the Biggert-Waters Flood Insurance Reform Act of 2012 was signed into law on July 6, 2012 and calls for a revision of the flood insurance rate maps; and

WHEREAS, the intent of the Biggert-Waters Flood Insurance Reform Act of 2012 was to relieve taxpayers from the recurring need to fund the National Flood Insurance Program through both pre-event premiums and post-event debt; and

WHEREAS, the Biggert-Waters Flood Insurance Reform Act of 2012 calls for an evaluation of the use of private reinsurance to protect against catastrophic losses and to stabilize the National Flood Insurance Program's results and financial position; and

WHEREAS, such revised flood insurance rate maps do not include the discounts granted by the current rate maps to property owners who have taken action to mitigate property damage by installing and maintaining flood control features, in conformity with the most current federal law available to them, and in conformity with current flood insurance rate maps; and

WHEREAS, countless property owners have built and purchased homes and businesses in accordance with the current flood rate insurance maps which, under the provisions of the Biggert-Waters Flood Insurance Reform Act of 2012, will soon enter obsolescence; and

WHEREAS, the act also includes provisions, located in Section 207 of such act, that eliminate the "grandfathering" of homes that were built after the existing flood insurance rate maps in accordance with then existing laws; and

WHEREAS, by purchasing homes and businesses in accordance with the provisions of the former flood rate insurance maps and by investing in previously owned property to install flood mitigation features, property owners relied on their strict compliance with federal and state law to protect their purchases and investments; and

WHEREAS, in light of the provisions of the Biggert-Waters Flood Insurance Reform Act of 2012, the reliance on existing flood insurance rate maps that those property owners demonstrated is now to their personal and financial detriment; and

WHEREAS, the passage of the Biggert-Waters Flood Insurance Reform Act of 2012 substantially and immediately devalued the investments made in all properties endowed with flood damage mitigation measures and to properties receiving subsidized insurance premium rates; and

WHEREAS, the Biggert-Waters Flood Insurance Reform Act of 2012 also includes provisions that permit the National Flood Insurance Program to increase premium rates for many policyholders; and

WHEREAS, the elimination of these discounts combined with the certainty of general premium rate increases will result in a premium increase of up to twenty-five percent per year for certain property owners over the next four years; and

WHEREAS, under the changes to the National Flood Insurance Program caused by the Biggert-Waters Flood Insurance Reform Act of 2012, certain property owners will struggle to pay exorbitant amounts of money or will lose their flood insurance; and

WHEREAS, a change in the ability of property owners to insure their homes from flood damage without bearing the burden of such a violent rise in cost may lead to financial distress for residents and property owners around this nation; and

WHEREAS, the premium increases to the National Flood Insurance Program, as mandated by the Biggert-Waters Flood Insurance Reform Act of 2012, will affect the entire nation's real estate market and the nation's banking and mortgage industry; and

WHEREAS, the premium increases to communities and property owners who made their best efforts to comply with federal law by building property in accordance with soon to be outdated flood insurance rate maps will affect consumer confidence and the entire nation's economy; and

WHEREAS, on October 29, 2013, H.R. 3370 and SB 1610, the Homeowner Flood Insurance Affordability Act of 2013, were introduced in the respective houses of Congress to delay the implementation of certain provisions of the Biggert-Waters Flood Insurance Reform Act of 2012; and

WHEREAS, the Biggert-Waters Flood Insurance Reform Act of 2012 provides that an affordability study be conducted by the Federal Emergency Management Agency on the impact of rate increases, which study has not been conducted; and

WHEREAS, the Federal Emergency Management Agency is currently undertaking a flood risk insurance study that will entail, among other things, the development of a flood catastrophe model to enable financial analysis of the National Flood Insurance Program and a study of the availability and benefits of risk transfer through the use of private reinsurance; and

WHEREAS, the United States Congress should consider the passage Homeowner Flood Insurance Affordability Act of 2013 that would delay the provisions of the Biggert-Waters Flood Insurance Reform Act of 2012 that provide for the increase of premium fees for policyholders of the National Flood Insurance Program, in order to prevent the unduly hazardous effects it will have on home and business owners who invested in property prior to the adoption of the new federal legislation and flood insurance rate maps.

NOW, THEREFORE, BE IT RESOLVED that NCOIL supports and urges the United States Congress to pass the Homeowners Flood Insurance Affordability Act currently pending before Congress as H.R. 3370 and SB 12610, which will delay the implementation of the National Flood Insurance Program changes until two years after the Federal Emergency Management Agency completes the affordability study on the impact of the rate increases.

BE IT FURTHER RESOLVED that NCOIL supports and urges the United States Congress and the Federal Emergency Management Agency to actively and expeditiously explore the use of private reinsurance to protect against catastrophic losses and to stabilize the National Flood Insurance Program's results and financial position.

BE IT ALSO RESOLVED that NCOIL will distribute this resolution to Members of Congress, to the Administrator of the Federal Emergency Management Agency, and to state legislators throughout the country.