

Lawmakers introduce new flood-insurance bill

By Keith Magill

Executive Editor

A bipartisan group of senators is floating the latest proposal to reform the debt-laden federal flood insurance program.

Louisiana Republican John Kennedy and seven others introduced a bill Tuesday they say aims to put the National Flood Insurance Program on solid financial footing while protecting policyholders from skyrocketing cost increases.

"More than 5 million Americans depend on this vital program to protect their homes and businesses," Kennedy said in a news release. "This is an essential program, not just for Louisiana but for the entire U.S. We have to ensure that families and businesses in flood-prone areas are protected."

Lawmakers in both the House and Senate have introduced proposals that would renew the insurance program before it expires Sept. 1 and make changes to keep it solvent.

Critics say the program, administered by FEMA, keeps rates artificially low and encourages people to live in harm's way at taxpayers' expense. The imbalance, coupled with payment of massive claims for disasters such as hurricanes Katrina, Sandy and Matthew as well as last summer's Louisiana floods, have left the program an estimated \$24.6 billion in debt.

For years, Congress has debated whether to bring insurance costs more in line with the actual risk of flooding, something that has threatened to make policies unaffordable for many residents across south Louisiana and elsewhere in the U.S.

"Americans deserve a National Flood Insurance Program that is sustainable for taxpayers, affordable for homeowners and accountable to everyone," said Sen. Bob Menendez, D-N.J. "If we want a more sustainable system, the answer isn't to slam homeowners with even higher premiums. This legislation puts the lessons we learned after Superstorm Sandy into action, levels the playing field for policyholders and attacks the NFIP's rampant waste and abuse to create real savings and greater investment in mitigation and resiliency efforts to make our residents and communities safer."

The bill is called the Sustainable, Affordable, Fair and Efficient National Flood Insurance Program Reauthorization Act of 2017, or the SAFE Act for short. Other sponsors are Sens. Chris Van Hollen, D-Md.; Marco Rubio, R-Fla.; Elizabeth Warren, D-Mass.; Thad Cochran, R-Miss.; Cory Booker, D-N.J.; and Bill Nelson, D-Fla.

Among its provisions, the legislation would:

- Renew the flood insurance program for six years starting Sept. 1. Congress has patched the program with short-term renewals more than a dozen times since 2008 and let it lapse for about a month in 2010, causing disruption in some communities where owners of homes required to have flood insurance were unable to buy it.
- Limit yearly cost increases for policyholders to 10 percent instead of the current 25 percent.
- Provide vouchers to homeowners whose flood insurance costs exceed a 30 percent of their incomes.
- Offer no- or low-interest loans to help owners raise homes and do other work that reduces flood risk.
- Waive for six years a requirement that FEMA pay the federal treasury \$400 million a year in interest on the flood insurance program's debt.
- Increase money for FEMA to create accurate flood-risk maps.
- Limit commissions paid to private companies that sell policies on behalf of the National Flood Insurance Program to 22 percent of premiums instead of the current 31 percent and channel the savings back into the program.
- Give policyholders easier ways to appeal claims and enact penalties for flood insurance contractors with a pattern of underestimating home damage or underpaying claims.

Unlike other bills, including one introduced about a week ago by U.S. Sen. Bill Cassidy, R-La., the SAFE Act does not seek to encourage private companies to get into the flood insurance market.