

Mar 1, 2014

Press Release

WASHINGTON – Today, Congressman Bill Cassidy announced that the amended Homeowner Flood Insurance Affordability Act (H.R. 3370) was finalized [Friday evening](#) after its review by a group of bi-partisan leaders in the House. The final version of the legislation is likely to be voted [on next Wednesday](#).

The House bill, led by Rep. Grimm, Rep. Cassidy, Rep. Scalise and other House Members, is a marked improvement over anything introduced in Congress to date to fix flood insurance. Dr. Cassidy released the following statement:

“The House flood insurance bill includes long-term, lasting relief for homeowners across the nation. I am proud to have worked with Congressmen Mike Grimm and Steve Scalise and others to develop the policy and to gain support in advance of next week’s vote. This week has been spent making small changes to ensure support from Republicans and Democrats and to guide FEMA with implementation.”

The legislation includes four key components:

1. **Reinstatement of Grandfathering** – This means catastrophic rate increases will not occur due to FEMA remapping.
 2. **Removal of the Home Sale Rate Increase Trigger** – The repeal of this provision within Biggert-Waters will allow the person buying a home to be treated the same as the person selling it.
 3. **Refund of Excess Premium Charges** - Provides a refund for the people who already realized significant rate increases due to the purchase of an older home built prior to the first Flood Insurance Rate Map (FIRM).
 4. **Lower Rate Increases** - Lowers the cap on rate increases to 15%, which is below the 20% threshold kept in place by the Senate alternative bill and authorized by Biggert-Waters.
- New negotiated additions to the legislation include:

1. **Per Property Rate Increase Limit** – Codification of an existing FEMA practice to minimize the quantity of policyholders that may exceed the average annual rate increase limit of 15% by establishing an 18% per property annual rate increase limit. Historically, FEMA has not used its full authority to increase rates up to the prescribed limitation.
2. **Affordability Goal** – In setting premium risk rates, in addition to striving to achieve actuarial soundness, FEMA is instructed to try and minimize the number of policies with annual premiums that exceed one percent of the total coverage provided by the policy.
3. **Mapping Notification** – FEMA is required to notify communities of remapping as well as models used in the mapping process. Members of Congress are also to be notified of proposed flood map changes within the relevant state or congressional district.
4. **Disclosure** - addresses the ability of the NFIP to share its data with the public in accordance with applicable laws designed to protect consumers’ personally identifiable financial information. Providing greater transparency with claims data will help enable private insurers to provide consumers with more flood insurance options.

The House bill is a strong step forward in balancing flood insurance accessibility and solvency with consumer affordability. The text of the legislation is available [here](#).