

NLC RESOLUTION

IN SUPPORT OF AN AFFORDABLE AND SUSTAINABLE NATIONAL FLOOD INSURANCE PROGRAM

WHEREAS, Congress created the National Flood Insurance Program (NFIP) in 1968 to make affordable flood insurance available to homeowners, renters, and business owners in exchange for using Federal Emergency Management Agency (FEMA) generated and specified Flood Insurance Rate Maps (FIRMS) for floodplain management by a participating community; and

WHEREAS, today, businesses and homeowners in 22,000 communities in all states and territories have made plans and investments based on the existence of affordable flood insurance with 5.6 million NFIP policies providing over \$1.2 trillion in coverage; and

WHEREAS, in July 2012, the Biggert-Waters Flood Insurance Reform Act of 2012 (BW-12) was enacted (PL 112-141) in order to assure the solvency of the highly indebted NFIP;

WHEREAS, BW-12 requires FEMA to adjust flood insurance premiums to reflect true flood risk and phase out subsidies for properties built before the community adopted its first FIRM; and

WHEREAS, BW-12 requires FEMA to complete an affordability study and to establish an affordability framework for the NFIP, which is not yet complete; and

WHEREAS, through the passage of BW-12, the NFIP was revised such that the public's reliance on the program to provide affordable flood insurance protection for prior investments in their homes and businesses was essentially dissolved since these structure will be subject to a 25 percent increase in the flood insurance premium for the next four years (in some cases a 20 percent increase over five years) and since this law substantially and immediately devalued the investments made in properties receiving subsidized insurance premium rates because of increases in the cost of flood insurance; and

WHEREAS, previously these structures were rated on pre-FIRMs or the FIRMs in effect when the structure was constructed, and now, even though the structures were not substantially damaged, their owners will struggle to pay premiums to keep flood insurance on these structures; and

WHEREAS, the Flood Disaster Act of 1973 requires the purchase of flood insurance on and after March 2, 1974, as a condition of receiving any form of federal or federal-related financial assistance for acquisition or construction purposes with respect to the insurance buildings; and

WHEREAS, the rate increases will affect municipalities nationwide in multiple areas such as real estate markets, banks and mortgage companies, elderly citizens living on fixed income, and policyholders, who built their communities with the best available information; and

WHEREAS, on October 29, 2013, a bipartisan coalition of lawmakers introduced the Homeowner Flood Insurance Affordability Act of 2013 (S. 1610/H.R. 3370) that would delay implementation of BW-12 rate increases on certain properties until after FEMA completes the affordability study and proposes a draft affordability framework for Congress to consider; and

WHEREAS, it is incumbent upon all of us to have a long term, sustainable and viable NFIP with rates that are affordable.

NOW, THEREFORE, BE IT RESOLVED, NLC urges Congress to pass the Homeowner Flood Insurance Affordability Act of 2013 that will delay the implementation of rate increases until FEMA completes the affordability study and to undertake any other such amendments to BW-12 that will keep flood insurance rates affordable for primary, non-primary and business properties while balancing the fiscal solvency of the program.

