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U.S. House of Representatives and Senate passed H.R. 337

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The U.S. House of Representatives and Senate passed H.R. 3370 and the legislation will go to President Obama for his signature. H.R. 3370 seeks to control some premium increases in the national flood insurance program (NFIP) that would have become burdensome to homeowners after the elimination of existing federal subsidies implemented by the Biggert-Waters Flood Insurance Reform Act of 2012. H.R. 3370 protects tax-payers by assessing a surcharge to homeowners with flood insurance policies that have not met actuarial rates.

The House version capped average annual premium increases at 15 to 18% and would permit subsidies for insurance rates that are based on current flood maps. It would also provide retroactive refunds for people who have had large flood insurance rate increases due to the sale or purchase of a home. The House bill also requires FEMA to notify communities and members of Congress of remapping as well as models used in the mapping process. And it includes assessments on property owners to build up an NFIP reserve fund.

Bill Summary

Senator Menendez, who has been a proponent of affordable flood insurance and disaster coverage for community associations worked with congressional leadership to ensure passage of the bill as well as adequate relief to homeowners. His office provided the following bill highlights:

- * Prevents Skyrocketing Rate Increases;
- * Creates a firewall on annual rate increases;
- * Repeals the property sales trigger;
- * Repeals the new policy sales trigger;
- * Reinstates grandfathering;
- * Refunds homeowners who overpaid; and
- * Establishes affordability goals.

FEMA Transparency and Outreach Requirements

- * Allows FEMA to utilize the National Flood Insurance Fund to reimburse policyholders and communities that successfully appeal a map determination.
- * Establishes a Flood Insurance Advocate within FEMA to answer current and prospective policyholder questions about the flood mapping process and flood insurance rates.
- * Requires FEMA to establish guidelines on alternative mitigation methods for urban structures where traditional mitigation efforts such as elevation are impractical.
- * Requires FEMA to clearly communicate full flood risk determinations to policyholders even if their premium rates are less than full risk.

- * Requires FEMA to report to Congress on the impacts of rate increases on small businesses, non-profit entities, houses of worship, and residences with a value equal to less than 25% of the area median home value.
- * Requires FEMA to certify its mapping process is technologically advanced and to notify and justify to communities that the mapping model it plans to use to create the community's new flood map are appropriate.
- * Requires FEMA, at least 6 months prior to implementation of rate increases as a result of this Act to make publicly available the rate tables and underwriting guidelines that provide the basis for the change, providing consumers with greater transparency.

CAI Government Affairs represents the interests of the 62.5 million people living and working in America's community associations on legislative and regulatory issues at the local, state, and federal level of government. For more information about H.R.3370 visit www.caionline.org.

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