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Press Release

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Chairman Hensarling Speaks During House Debate on Flood Insurance Bill

4 Different Plans Offered by Financial Services Committee Leaders to Modify Biggert-Waters Act

[Click here to view Chairman Hensarling's remarks.](#)

WASHINGTON- House Financial Services Committee Chairman Jeb Hensarling (R-TX) delivered the following floor remarks on H.R. 3370:

Mr. Speaker: Our nation is tragically going broke. Our national debt, which has skyrocketed under this president, is clearly by any measure on a dangerous and unsustainable path; a path that, if unaltered, will leave our children with less freedom, fewer opportunities and a lower standard of living. That's beyond unfair; that's immoral.

One reason America is going broke is because of poorly designed and costly government-run insurance programs. The National Flood Insurance Program is one such program. Its chief administrator has already testified that the "NFIP was, by statute and design, not actuarially sound." In fact, the program only charges 70 percent of what its administrators believe they actually need. Perhaps that is why the program is currently \$24 billion in the red to taxpayers and has no way to ever repay them.

The NFIP is not financially sound because pretty much every policyholder receives taxpayer subsidies. Some get explicit subsidies because the law prohibits the program from charging a full and fair rate based upon their calculated actuarial risk. Others receive implicit subsidies because, according to the GAO, the program uses a faulty model that under-measures flood risk.

At the end of the day, the program forces roughly 96 percent of all Americans to subsidize the remaining four percent, regardless of income or need.

That means the single mom in Dallas, where I live, who is working hard as a cashier at the Albertson's grocery store, may be forced to subsidize the flood insurance for some millionaire's beachfront vacation home.

If that's not the definition of unfair, then I don't know what is.

To its credit, in 2012 Congress recognized that the government-run flood insurance program was fundamentally broken and unfair. We passed – almost unanimously – the Biggert-Waters Act. It phases out most of the explicit subsidies over the next few years and requires rates to be more closely based on a property's actuarial degree of flood risk.

Now, the first premiums under Biggert-Waters are starting to come due. There is sticker shock; some based on fact, some based on fear. Clearly there are many across our nation who have been unaware of their taxpayer-

funded subsidies. There are some who simply can't afford the new premiums, and others who are now having trouble attempting to sell their homes.

This should be addressed by Congress. That is why over the last eight weeks Chairman Neugebauer and myself have put four different plans on the table for members who approached us about making modifications to the Biggert-Waters Act. We agreed to go slower on reforms and to temporarily cap payments as long as the program would eventually require all property owners to pay the fair amount that they owe and, overall, the program would begin to bring in more income so taxpayers could avoid yet another bailout.

Regrettably, that is not the approach we are debating today.

The House bill before us, although technically "Pay-Go" compliant, would postpone actuarially sound rates for perhaps a generation. It would kill off a key element of risk-based pricing permanently, which is necessary if we are to ever transition to market competition. Finally, it creates brand-new subsidies for a program that is already bailout broke.

Mr. Speaker, the Senate bill is not any better. It essentially represents a four-year freeze that is not "Pay-Go" compliant. My fear is that either bill represents a big step backwards from reform and leaves us just a few hurricanes or a few short years away from the next taxpayer bailout. Either bill will make it incredibly difficult to do what Congress must do, and that is phase-out this un-needed, government-run insurance program that fundamentally represents both an unfair and unsustainable middle-income entitlement.

I respect my colleagues who have a different view. I respect my leadership for bringing a bill that may not be optimum to the floor. But Mr. Speaker, if we don't protect taxpayers today, how will we ever reform the gargantuan middle-income entitlements that put us on the precipice of a debt crisis? I for one will vote no on this well-intended but misguided bill.

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