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Press Release

Waters, Richmond Endorse Bipartisan Flood Insurance Legislation

March 4, 2014

WASHINGTON, D.C. – Following weeks of negotiations between members of the House of Representatives and the U.S. Senate, **Congresswoman Maxine Waters** (D-CA), top Democrat on the Financial Services Committee and **Congressman Cedric Richmond** (D-LA) today threw their support behind comprehensive legislation designed to end unaffordable flood insurance rate hikes.

For months, Waters led a Democratic effort to provide homeowners with important flood insurance rate relief and to bring accountability to the Federal Emergency Management Agency (FEMA).

Upon learning of the unintended consequences of the 2012 Biggert-Waters Flood Insurance Reform Act, Democratic lawmakers in the House and Senate took action, spearheading bipartisan, [bicameral legislation](#) that passed the Senate and garnered the support of more a majority of the House of Representatives. Over the past several weeks, Waters and other Democrats have been working with Republican leadership to craft an alternative measure that can garner the support of Congress and also achieve affordability.

Congresswoman Waters praised the work of her Democratic colleagues to make the bill better. She made the following statement:

"I am pleased that after months of hard work, Democratic lawmakers were able to reach a bipartisan agreement that will ensure relief for hundreds of thousands of homeowners living in flood prone regions. I believe that today, we have struck a reasonable compromise that will address affordability concerns, bring accountability to FEMA and ensure the stability of the National Flood Insurance Program.

The new legislation includes a number of important provisions to protect flood insurance policyholders from dramatic rate hikes. Above all, these include ending dramatic increases caused by events such as property sales – and restoring grandfathered rates for those who played by the rules and built their properties according to code. For families hit by unaffordable premium increases, this bill provides important relief in the form of a refund. And it requires FEMA to provide Congress with the affordability study that was supposed to be finished nearly a year ago.

Over the past several weeks, Democratic members of Congress have worked to make this bill better for flood insurance policyholders. We were able to ensure reasonable limitations on rate increases that one property can experience – including those that are newly mapped into flood hazard areas. We have required that when FEMA engages in the process of remapping, it actually works with communities and Congress to ensure it is being done accurately. And we are making FEMA more accountable by requiring it provide clear and accurate information to anyone who may be affected by a change in policy.

I would like to acknowledge and thank Senators Mary Landrieu and Robert Menendez as well as Rep. Cedric Richmond for leading this effort with me. In addition, I would like to express my gratitude to the large and extensive list of Democratic members whose input has made this bill a stronger measure – particularly those who worked with me to push earlier legislation that was ultimately cosponsored by a majority of the House. Their names are too numerous to mention today. And finally, I would like to strongly express my appreciation to Democratic Leader Nancy Pelosi and Whip Steny Hoyer for their leadership and for making flood insurance a priority within the Democratic caucus.

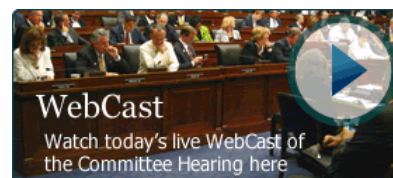
If enacted into law, this legislation will provide homeowners living in flood-prone regions with clarity and certainty that the cost of their insurance will not force anyone from their homes, lead to depressed home prices, or undercut their ability to buy or sell a home. I urge passage of this legislation by the House and Senate without delay."

As a coauthor of the Biggert-Waters legislation, Congresswoman Waters has taken responsibility and led the Democratic effort to address the unintended consequences of the legislation. On several occasions, Waters convened a coalition of concerned members and – through meetings and conference calls – built consensus around an agreement to address affordability concerns.

Rep. Cedric Richmond said the following:

"I'm proud to announce that after much negotiation, the House has reached a compromise that will provide

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relief to policyholders from skyrocketing flood insurance rates. From the outset, I wanted to reform the program in way that would make premiums more affordable, flood maps more accurate and increases accountability and oversight of NFIP's operations. While this legislation does not go as far as many of my colleagues and I would like, this compromise achieves these three goals.

Since Majority Leader Eric Cantor published the initial text of this legislation more than a week ago, we were able to secure numerous changes that strengthened his initial proposal significantly. We added a hard cap on rate increases for individuals, protections for properties newly mapped into flood areas and significant reforms to the mapping process that will ensure community involvement and accuracy.

I'd like to thank Rep. Maxine Waters for her steadfast commitment to this cause. I'd also like to thank Senator Mary Landrieu for pushing the Senate to pass a deal that laid the groundwork for this bipartisan compromise."

The new measure contains the following key provisions:

- **Repeal of certain rate increase "triggers,"** ensuring that no policyholder will experience dramatic rate increases from the sale of a home or a lapse in policy.
- **Restoration of "grandfathering,"** so those who built properties to code in the past do not have to worry about catastrophic rate increases as a result of remapping.
- **Lowering FEMA's ability to increase rates,** from 20 percent to 15 percent.
- **Refunding excess premium charges** to those who have paid significant rate increases.
- **Completing the affordability study and framework.** The measure provides FEMA the funding necessary to complete the affordability study mandated in the Biggert-Waters Act and requires it to do so, along with an affordability framework, to Congress.

In addition, Waters cited a number of new provisions Democratic members of Congress fought to include:

- **Individual property rate increase cap,** providing that most individual rate increases cannot exceed 18 percent. Under FEMA's annual increase authority, the average increase is capped at 15 percent. But without this individual cap, policyholders might still have experienced significant rate increases.
- **Affordability goals for FEMA.** In addition to striving to achieve actuarial soundness in setting premium rates, FEMA is now instructed to minimize the number of policies with annual premiums that exceed one percent of the total coverage provided by the policy.
- **Rate increase protection for newly mapped properties.** This provision requires FEMA to extend premium rate protection to all properties newly mapped into a special flood hazard area for the first year. Upon renewal, these properties can receive average rate increases of 15 percent and no individual policyholder may receive an increase of more than 18 percent. Without this language, there would be no cap on rate increases for properties newly mapped into a special flood hazard area, which often results in the highest rate increases.
- **Mapping protections,** requiring FEMA to notify communities and Members of Congress of remapping, mandating FEMA work with communities on appropriate data and mapping models.
- **Consumer protection,** which ensures policyholders receive clear information relating to their policy following certain changes in their policies, such as opting for high deductibles or foregoing flood insurance on certain detached structures.
- **Protection of small businesses,** non-profits, houses of worship, and residences. The measure requires FEMA to monitor and report on affordability for small businesses, non-profits, houses of worship, and residences with less than 25 percent area median home value. If FEMA finds detrimental effects on affordability, it must provide Congress recommendations to address these effects.

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