

Lynch-Backed Compromise Flood Insurance Relief Bill Passes House

Mar 4, 2014

Washington, D.C.—Today, the House passed a compromise amendment to H.R. 3370, the bipartisan Homeowner Flood Insurance Affordability Act, backed by Congressman Stephen F. Lynch (MA-08), which will provide meaningful relief for most homeowners suffering from unfair and extreme flood insurance premium increases. Congressman Lynch has been working for the past several months, along with a bipartisan group of lawmakers in the House and Senate, to stop these harmful flood insurance rate hikes, which were the unintended consequences of the Biggert-Waters Flood Insurance Reform Act of 2012. The Homeowner Flood Insurance Affordability Act will also impose meaningful reforms to the Federal Emergency Management Agency's (FEMA) flawed flood mapping process. The bill passed the House by an overwhelming bipartisan vote of 306-91.

After voting for the bill, Congressman Lynch made the following statement:

"Today's bill is the result of several months of hard work and a week of productive negotiations between Democrats and Republicans, which has resulted in a bill that will give meaningful relief for most homeowners and businesses in my district subject to FEMA's flood maps. Although the bill does not bring relief to owners of second homes we will continue to pursue that effort. Not only does this bill roll back the most egregious and unfair premium increases that were the unintended consequence of the Biggert-Waters Act, but it also brings transparency and accountability to FEMA's troubled and

error-prone flood mapping process. I would like to thank Ranking Member Maxine Waters, Republican leadership, and all the members who worked so hard to bring this legislation to this point.”

Specifically, H.R. 3370 includes the following provisions:

- **Repeals rate increase “triggers”:** This provision will ensure that no homeowner sees the kinds of dramatic rate increases after buying or selling a home, or because of a lapsed policy.
- **Restores grandfathering:** This provision restores the practice of “grandfathering,” which ensures that homeowners are not negatively affected by relying on FEMA maps that later turn out to be wrong.
- **Capping Rate Increases:** This provision will reduce the maximum amount that FEMA can increase flood insurance premiums from 20% to 15% for most properties.
- **Refunding Premiums Already Paid:** This provision will direct FEMA to refund flood insurance premiums that homeowners have already paid that are in excess of the lower rates achieved by H.R. 3370.
- **Completion of the Affordability Study and Framework:** This provision gives FEMA the necessary funding to complete the affordability study mandated by the Biggert-Waters Act and requires it to transmit the study, along with a framework for achieving affordable flood insurance premiums, to Congress.

Additionally, Congressman Lynch and his Democratic colleagues fought to include additional improvements to a Republican proposal originally scheduled for a vote last week:

- **Capping increases to individual policies:** The Republican amendment would have capped the *average* increase across a given risk class at 15%, but individual homeowners could have seen their policies increase by significantly more. The compromise amendment backed by Representative Lynch keeps the average cap at 15% but ensures that no individual policy

can increase by more than 18%.

- **Protecting Properties Newly Mapped into a Flood Zone:** A priority item for Representative Lynch, the compromise text ensures that properties that are newly included in a flood zone are protected from immediate and extreme rate increases. Under this provision, these properties will enter the program at a significantly lower preferred risk premium level, and will be protected by the same 15% rate increase cap as all other properties going forward.
- **Transparent and Accountable Mapping Process:** Another priority item for Representative Lynch, under the compromise text FEMA will be required to notify Members of Congress and affected communities of its intention to issue revised flood maps at least 60 days before the preliminary map is released, and mandates that FEMA work with communities to agree on appropriate data and mapping models.
- **Affordability Goals for FEMA:** In addition to looking for ways to make the National Flood Insurance Program actuarially sound, FEMA is also directed to minimize the number of policies that have premiums in excess of 1% of the total coverage under the policy.
- **Protections for Vulnerable Policyholders:** The compromise text also requires FEMA to monitor and report on the affordability of policies for small business, non-profit organizations, houses of worship, and low income homeowners, and requires FEMA to provide Congress with recommendations to address any negative effects for these properties.

“I urge our colleagues in the Senate to pass this legislation and for the President to sign it into law as soon as possible,” Lynch added. “Homeowners in my district cannot afford to wait any longer.”