
Committee Approves Velázquez Flood Insurance Bill

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Washington, D.C. – The House Committee on Financial Services has approved a measure authored by Rep. Nydia M. Velázquez (D-NY) that would reform the National Flood Insurance Program (NFIP) and better help policyholders receive compensation under their policies after flooding damage.

“Following Hurricane Sandy, New Yorkers saw up close many problems in the flood insurance program,” Velázquez said. “This legislation makes targeted changes so the program works more efficiently and, policyholders receive timely payment on their claims.”

Among other provisions, Velázquez’s bill helps policyholders who are appealing a denial of their NFIP claim. It also enacts new transparency requirements and imposes penalties on unscrupulous insurance companies. Following Hurricane Sandy, the NFIP paid out \$8.8 billion in payouts to policyholders. However, many policyholders reported difficulties in receiving their rightful compensation. Some media reports exposed altered engineering reports and other documents that insurance companies were using to deny structural damage or to argue that pre-existing soil conditions caused damages and losses, rather than floodwaters.

“It is appalling that those who faithfully paid premiums for flood insurance would be denied their claims when they’ve lost their homes to catastrophe,” Velázquez added. “My bill sides with homeowners, giving them additional tools to appeal claim denials and to make certain policyholders fully understand what’s covered in their policies. These are commonsense reforms that would help Americans affected by disasters when they are at their most vulnerable.”

The Financial Services Committee approved Velázquez’s bill with a bipartisan vote of 58 to 0. It now heads to the full House for consideration.

A complete summary of Velázquez’s bill is online here

(/sites/velazquez.house.gov/files/Section%20by%20Section%20Flood%20Reform%20061019.pdf).

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